Daily Report

Latin America

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Cuba

AFP reports "reliable sources" have said "Carlos Aldana, member of the Politburo of the Communist Party of Cuba, has been relieved of his duties as supervisor of ideology, foreign policy, and culture." While he remains a member of the Politburo, his "eventual removal" may depend on the next Central Committee plenum. AFP reports further that Aldana's replacements will be Jose Ramon Balaguer for ideology and foreign policy, and Maria de los Angeles Garcia Alvarez for education, science, and culture.

Chile

President Aylwin's cabinet has four new ministers, according to Santiago TV. Socialist Party [PS] Deputy Camilo Escalona said PS President Jorge Arrate will replace Education Minister Ricardo Lagos. Economy Under Secretary Jorge Marshall Rivera, from the PPD [Party for Democracy], "will replace Economy Minister Carlos Ominami, who will become campaign manager for Ricardo Lagos." The other PPD member who will join the cabinet will be attorney German Molina Valdivieso, current vice president of the Chilean Human Rights Committee, "who will become the new transport minister and replace German Correa, who will run for PS president." Alejandro Hales, independent, will replace Juan Hamilton as mining minister. The new members will be sworn in 24 September or perhaps "at the beginning of next week."

Brazil

Lawyers representing President Fernando Collor submitted his defense against the impeachment process to the Chamber of Deputies, Brasilia radio reports. Dr. Guilherme Villela, Collor's personal lawyer, said one foundation for the defense is that the "accusation...has been made on the basis of documents that have not yet been supplied." He can present no defense if he has not seen the documents on which the accusation is based. Villela has asked the Chamber of Deputies to "summon 20 witnesses" to be heard, "whose names appear in the president's defense," including former Minister Ozires Silva and former Economy Minister Zelia Cardoso.

Brasilia radio reports Ricardo Fiuza "will leave the post of social action minister tomorrow" although he will retain the post of minister secretary general of government. His replacement will be Angelo Calmon de Sa who will also retain his post as regional development minister.

Brasilia radio reports that Mines and Energy Minister Pratini de Moraes "reiterated that ministers will resign only after the vote" on the impeachment request in the Chamber of Deputies. The ministers "have assumed a commitment to society to guarantee the functioning of the public administration," but as soon as the commitment is over "we must be free or leave our posts."

Peru

Lima TV carries an interview with President Fujimori by Patricio Ricketts. Ricketts cites a poll which indicates Fujimori's approval rating has risen to 74 percent, and specifically to 81 percent among those aged 18 to 24 years. Ricketts states, "This is what Abimael Guzman is worth politically." Regarding the arrests of Guzman and other Shining Path leaders, Fujimori states, "the organization practically has been beheaded." In addition, Fujimori states, "there is nobody...we have identified, who could replace Abimael Guzman," although "it is speculated that Maximiliano Duran Araujo could become the leader." Regarding recent defections from Shining Path, Fujimori says, "I think more will come... Defections will be encouraged because, in addition to the Repentance Law that was enacted, we will have a special provision for a certain period of time to keep defectors out of jail." As for Guzman himself, Fujimori says, "He is demoralized and totally beaten."

Cuba

'Reliable Sources' Say Aldana Relieved of Duties

PA2309124892 Paris AFP in Spanish 0908 GMT 23 Sep 92

[Text] Havana, 23 Sep (AFP)—Reliable sources told AFP on 22 September that Carlos Aldana, member of the Politburo of the Communist Party of Cuba, has been relieved of his duties as supervisor of ideology, foreign policy, and culture.

The sources added that for the time being no official announcement is expected and that Aldana remains a member of the Politburo, the party's highest body.

His eventual removal from that body, formed by 25 individuals with the greatest political influence in Cuba, might depend on the next plenum of the party's Central Committee, the date of which remains unspecified.

Nevertheless, the sources added that the official announcement of the removal might be made before that plenum is held.

'Flaws' Cited; Successors Named

PA2309134792 Paris AFP in Spanish 1034 GMT 23 Sep 92

[Report by Alfredo Munoz Usain]

[Excerpt] Paris, 23 Sep (AFP)—Carlos Aldana, a member of the Politburo of the Communist Party of Cuba [PCC] and the man in charge of ideology, foreign policy, and culture, was relieved of his duties for "flaws" and "errors," AFP learned from reliable sources on 22 September.

Replacing Aldana are Jose Ramon Balaguer for ideology and foreign policy and Maria de los Angeles Garcia Alvarez for education, science, and culture, according to the sources.

The reasons given for Aldana's removal were "flaws in his work" and "serious personal errors," the sources added.

No announcement has been made of Aldana's ouster, which reportedly was decided officially on 21 September, although rumors of the dismissal had been circulating insistently in Havana since last month.

The decision on his remaining a member of the PCC Politburo could be delayed until a future plenary meeting of the party's Central Committee, as that is the entity empowered by the law to relieve members of the corps that comprises 25 of Cuba's most powerful authorities.

The Central Committee holds regular plenary meetings and can be summoned to extraordinary meetings without a precise timetable. The Central Committee holds regular plenary meetings once a year, although in 1987 it met three times.

AFP learned the internal process of informing the PCC members of the Aldana ouster began on 22 September. The PCC has 612,000 members out of population of over 10 million. Jose Ramon Balaguer, Aldana's replacement as supervisor of ideology (a post that includes the Cuban news media) and foreign policy, is a member of the PCC Central Committee and was a member of the PCC Secretariat until February 1990.

At that time, he was appointed to the "important and decisive mission," according to a statement issued then, of ambassador to the USSR. He stayed in Moscow following the disappearance of the Soviet Union and recently returned to Havana.

Maria de los Angeles Garcia Alvarez, who takes over Aldana's post in the political apparatus as the person in charge of culture, education, and science, has been a member of the Politburo since the last PCC Congress in October 1991.

She belonged to the PCC's Santiago de Cuba Provincial Committee. This eastern province is the second most heavily populated region in the country and one of the most important economic zones. [passage omitted]

Officials Refuse To Confirm Dismissal

PA2309171892 Madrid EFE in Spanish 1604 GMT 23 Sep 92

[Report by Gerardo Gonzalez Vega]

[Excerpt] Havana, 23 Sep (EFE)—Although rumors regarding the dismissal Carlos Aldana, the communist regime's "third man," are increasing, on 23 September government spokesmen refused to confirm them.

The secretary of the man, who until now had been the official in charge of Cuban ideology, told EFE from Aldana's office at Communist Party of Cuba [PCC] Headquarters in the Palace of the Revolution that "Aldana remains in his post and is working normally, although today (23 September at 1500 GMT) he has not yet arrived."

Other officials of the Revolutionary Orientation Department (DOR), which was headed by Aldana and was the organization where his rise in the hierarchy of the state apparatus began, could not be located, were attending to business that could not be postponed, or were out of the city, according to their secretaries.

Hector Argiles, director of the Foreign Ministry's International Media Center [Centro de Prensa Internacional—CPI], the agency in charge of handling relations with the foreign media, told EFE regarding Aldana's possible dismissal that "so far, I have no comment."

Argiles added that CCP, state, or government leaders have not officially informed the CPI of anything to be reported to the media.

As for the communist newspaper GRANMA, the official mouthpiece of the PCC, where changes in the makeup of the Cuban power structure are reported on its front page, it is also silent on the matter and devotes the top of its front page to the upcoming World Athletic Cup to be held in Havana.

Aldana's dismissal, if confirmed, would entail the most significant change in the direction of the Cuban state in the past few years, but it would not alter the power structure in this country, which is ruled by President Fidel Castro with the support of his brother Raul, minister of the Revolutionary Armed Forces.

Rumors of the dismissal have been circulating for at least three months and Cuban officials and politicians assume it is true in their private conversations, but none of them dares to give reasons—except for involved tales of economic corruption—or its scope. As for the views of Western diplomats accredited in Cuba who were queried by EFE, the most widespread opinion is that Aldana had accumulated too much power and, in turn, many enemies in his rapid ascension. [passage omitted]

GRANMA Publishes Constitution, Commentary

FL2209185792 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Sep 92

[Text] Today GRANMA has published in tabloid form the text of the Constitution of the Republic of Cuba, including the modifications that were made to it. The Law of Constitutional Reform was approved by the National Assembly of the People's Government [ANPP] during the 11th regular session of the third legislature, held from 10 to 12 July. Also, GRANMA includes in this supplement in today's edition an article by reporter Susana Lee entitled "Constitution of the Republic of Cuba: Our Reforms Ratify the Course of our Democratic and Socialist Revolution." Here is a summary of the article.

With the modifications made by the Law of Constitutional Reform approved by the ANPP and published in the GAZETA OFICIAL DE LA REPUBLICA, the new constitutional text has come into effect. It represents the highest and most important legal standard of society. As we have already said, GRANMA today published the constitution in the form in which it has remained as the sole, official text after the modifications, which were approved unanimously by our deputies, were made. In this way, we would like to contribute to our entire people's knowledge and study of the fundamental law, which, as the highest source of law, establishes the political, social, and economic foundations of the state; the rights, duties, and guarantees of the citizens; and the forms of creation, functions, and powers of the organs of government and state administration, both national and local.

The GRANMA article continues by saying that we have reached this moment after a lengthy period of work, analysis, and consultations which arose out of the process of rectification of errors and negative tendencies, continued in the discussion of the documents of the Fourth Congress of the Communist Party of Cuba [PCC], and culminated in the recent ANPP session. Each of the steps taken and the stages gone through was a conclusive demonstration of the freedom of expression and plurality of ideas prevailing in our country, and of the single party as the highest directing force of society and state. In spite of the heavy campaign of slanderous propaganda before, during, and after the ANPP session, the breadth of opinions expressed, considered, and included in the final result of the constitutional reforms cannot be questioned.

In this regard, it is enough to point out as the final episode the ANPP debates themselves. Even though the documents presented had been discussed at meetings of the Politburo and the plenum of the PCC Central Committee, the proposals which arose in those party leadership bodies as well as those contained in the draft reform law motivated almost 300 addresses by deputies, and not a few modifications and new inclusions were adopted.

Now, no one should deceive himself. The debates and the resulting modifications do not involve a retreat from our principles, any hint of a return to the past, or a weakness in our Marxist-Leninist and Martian ideas. The final balance consolidates our views on improving the society we are building, adjusting them to the reality of the world in which we live. It reaffirms concepts and aspirations. It includes, from its very first article, the immutable precepts of how we conceive of our state.

The article in the GRANMA supplement ends by saying: We have shown that our political system works, as Fidel said at the end of the recent ANPP session. It is the most democratic in the world, and now we are going to subject it to further tests. We are going to show how a revolution can be made with democratic principles, how democracy can be practiced with a single party, and we are going to do this under the most difficult conditions.

Discussion Topics at UN General Assembly Noted

FL2209020892 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 22 Sep 92

[Excerpts] The discussions of the 47th UN General Assembly begin today at UN headquarters in New York. [passage omitted] Among the matters to be examined are the rejection of the embargo and other aggressions against Cuba on the part of the United States. [passage omitted]

Also, Cuba will highlight the need to, under the precepts of the UN Charter, democratize the United Nations and revitalize its structures. [passage omitted]

During the current General Assembly, Cuba will bring up nuclear disarmament, the ecology, the foreign debt, a

new and equitable world order, and the defense of sovereignty in the face of extraterritoriality, as per the documents of the Nonaligned Movement Summit. Under those norms, Cuba will demand that human rights be analyzed impartially, objectively, and without selectivity, and in accordance with the historic realities and the indivisibility of people and groups.

Cane Farms To Replace Production Brigades

FL2109205792 Havana Radio Reloj Network in Spanish 1947 GMT 21 Sep 92

[Text] Technicians, administrative and union leaders, and workers of the provincial delegation of the Sugar Industry Ministry in Sancti Spiritus Province have expressed a favorable opinion on organizing cane farms in the sugar sector. At the first provincial meeting to study establishing cane farms, the general consensus was that this new way of organizing the agricultural work will benefit production and productivity.

Among the advantages such cane farms could bring are: a greater ability to decide production matters at the grass roots, more incentives [estimulos] for the workers, and simplification of the accounting and statistical data.

The cane farms will replace the agricultural-livestock production brigades that are at present responsible for cultivating the raw material for the sugar industry.

Ross Discusses New Schools for Union Cadres

FL2109191692 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Sep 92

[Text] Beginning in October, work-study schools will be created throughout the country for union cadres in support of the food program. This project was explained in Camaguey by Politburo member Pedro Ross Leal, who is also the secretary general of the Cuban Workers Federation [CTC], as he concluded a national seminar for union officials in the agricultural sector which lasted for one week in Camaguey. The idea involves organizing these schools in production areas, with the students working an average of eight hours a day and using the spare time for study. The students would stay there for four months. This would be coordinated with the Ministry of Agriculture, and their production would go to the center and the populace in general.

Ross Leal described these schools as special period schools, and asserted that with this way of proceeding they would be fighting against old stereotypes and accomodationism while raising consciousness and forging people to confront the difficulties. Ross gave the example of an experiment of this type conducted in Valle de Simpatia in Santiago de Cuba Province, where at a basic production unit the annual plan was fulfilled in only six months. This result has encouraged the CTC to extend the system to the entire country.

Cooperation Agreement Signed With Ukraine

FL2309012292 Havana Radio Rebelde Network in Spanish 2300 GMT 22 Sep 92

[Text] Today, Cuban Foreign Minister Ricardo Alarcon de Quesada and Ukrainian Foreign Minister Anatoliy Z'enko signed a cooperation agreement aimed at strengthening bilateral relations under the principles governing international ties. Under the text signed by the two ministers, Cuba and Ukraine have decided to have closer ties as regards different matters of international policy.

The Cuban foreign minister told PRENSA LATINA that his Ukrainian counterpart expressed thanks for the help the Cuban authorities gave the victims of the nuclear disaster that occurred in Chernobyl, especially for the thousands of children who were cared for at Cuban installations.

Zlenko expressed his government's interest in developing further the political, economic, and trade relations between the two countries, a feeling shared by Cuban Foreign Minister Alarcon.

The agreement signed today for a renewable two-year period expresses the two countries' desire to reassert the principles of peaceful coexistence, a deepening of international detente, political settlements to regional conflicts, and a restructuring of international economic relations.

Another part of the document declares that Cuba and the Ukraine promise to exchange information on the principal matters of international policy and on the internal situation of the two countries, as well as hold consultations between the two foreign ministries regarding their positions within world agencies, particularly the United Nations.

Roundup of Economic Activity 18-23 Sep

FL2309130692

[Editorial Report] The following is a compilation of reports on economic developments in Cuba carried on Havana radio and television between 18 and 23 September.

Havana Radio Reloj Network in Spanish at 1930 GMT on 18 September reports that a contingent of workers from Havana is being formed to help with planting at the Lazaro Pena tobacco-growing enterprise, "which provides over half the wrapping leaves for cigars made for export." The head of this new work force has explained that it consists of 300 "permanently mobilized" workers, a number expected to increase to over 900 by the end of the year. Radio Reloj also reports that 15.7 million wood and fruit trees have been planted in Ciego de Avila Province under the reforestation campaign ending on 30 October.

Havana Radio Reloj Network in Spanish at 2300 GMT on 18 September reports on a Ministry of Sugar Industry statement that 66 percent of the equipment is ready for the next sugarcane harvest. Radio Reloj also notes: Granma Province has harvested 746 million quintals of rice; Pinar del Rio's coffee harvest should surpass the previous yield by 120 million cans; Ciego de Avila Province has begun harvesting 60 caballerias of soybeans.

Havana Radio Rebelde Network in Spanish at 0900 GMT on 21 September reports that Pinar del Rio Province has planted 30,000 family gardens, fulfilled its goal of 25,000 blood donations, recycled 374 tons of cardboard and paper and 32 tons of aluminum, collected 4,000 liters of milk daily, and is working to finish five caballerias of plantains. Granma Province has repaired 35 percent of its sugarcane harvesting equipment; Camaguey and Santiago de Cuba have repaired the next highest percentage of equipment; Pinar del Rio, Guantanamo, and Ciego de Avila have achieved the lowest repair rates.

Havana Radio Rebelde Network in Spanish at 1155 GMT on 21 September announces that the citrus industry will produce approximately 20,000 tons of juice concentrate this year for export.

Havana Radio Rebelde Network in Spanish at 1700 GMT on 21 September reports the following items: The Refrigeration and Cooling Institute in coordination with the National Boiler Enterprise is developing the prototype for a rotary burner that uses higher viscosity fuel, such as Cuban domestic crude oil, with high efficiency. In Camaguey, emergency measures in the agricultural sector have resulted in the consumption of 630 fewer tons of conventional fuel through the use of animal-drawn vehicles for transport; windmills for water distribution on cattle ranches; and wood-burning stoves at workers' dining halls. In Santiago de Cuba, over 5 million people were transported in animal-drawn carriages up to the end of August. Of the 1,050 carriages now in use in the province, 49 are state-owned and leased to private individuals; the remainder are privately owned. Work is under way to improve service and organization of routes and fares and to draw up regulations for passenger transportation.

Havana Radio Rebelde Network in Spanish at 1155 GMT on 22 September reports that Ciego de Avila Union of Young Communists members have assembled 8,000 beehives, excavated 4,000 meters of the civil defense tunnels, and harvested 56,000 quintals of citrus fruits. Radio Rebelde also notes that a Havana furniture, window, and door manufacturing enterprise has contributed to import substitution efforts with 0.5 million pesos' worth of high quality products.

Havana Radio Progreso Network in Spanish at 1100 GMT on 22 September reports that the Military Construction Union invested 72 million pesos during the first half of the year in developing alternative construction methods: cement mixed with dirt instead of sand; natural cement; lime blocks, cinder blocks, and tiles incorporating vegetable fibers.

Havana Radio Rebelde Network in Spanish at 1700 GMT on 22 September reports that the Paso Malo fish farm in Bartolome Maso municipality has produced a record-setting 37 million fry, now sown in reservoirs throughout Granma Province. The farm, the largest of its type in Cuba, is providing two-thirds of this year's planned production. Radio Rebelde also reports that 30 sugar refineries will have automatic cane feeds for the next harvest. A new contingent is moving to the Guantanamo vegetable crop areas for a two-year period of work.

Havana Radio Reloj Network in Spanish at 1934 GMT on 22 September reports that more than 5,000 quintals of tubers, vegetables, grains, and fruit have been collected, so far this year, from the outskirts of Las Tunas City. A People's Basic Production Unit of 80 enterprises, organizations, and institutions was formed to support the food program.

Havana Radio Reloj Network in Spanish at 1950 GMT on 22 September reports that 380,000 quintals of tubers, vegetables, grains, and fruit have been gathered in Pinar del Rio so far this year. This figure exceeds last year's figure for the same period. These high yields were obtained despite losses in 682 caballerias due to heavy rains in June. Organizations in the province increased the number of self-sufficiency gardens.

Havana Radio Rebelde Network in Spanish at 1155 GMT on 23 September notes that the Alquizar miscellaneous enterprise has reported a savings of 40 tons of oil; Pinar del Rio has harvested 380,000 quintals of crops; Holguin has surpassed its goal of 50,000 blood donations and Habana del Este municipality, Havana Province, has collected 8,000 blood donations. An oxcart driver is capable of transporting 60 cans of coffee per trip in Holguin, where the coffee harvest has been underway for 40 days.

Dominican Republic

* Economic Review of First Half of 1992

92CA0212A Santo Domingo LISTIN DIARIO (Economic Supplement) in Spanish 8 Aug 92 pp 1-4

[Article by Andres Dauhajre Jr. and Elizabeth Riley de Dauhajre]

[Text] **1. Gross Domestic Product**

During the first six months of 1992, the Dominican economy displayed a major economic recovery, after having declined by over 5 percent in 1990, and 0.5 percent in 1991. The Central Bank's estimates for the

first half of 1992 reveal that the gross domestic product [GDP] grew 4.8 percent, indicating a 6 percent growth for the entire year.

The 16.3 percent increase in revenues from the general sales tax (ITBIS), in real terms, during the first half of 1992 augurs a strong economic reactivation. Since this tax is levied on sales made of goods and services, a real increase in it implies a real growth in sales. This notable expansion in ITBIS receipts shows that, during the first half of the year, real sales in the Dominican economy increased by over 15 percent, and that this larger demand was necessarily translated into higher production and import levels.

Some economists and politicians have claimed that the Dominican economy has succumbed to recession again. This is not true. What has happened is that the economic growth rate during the second quarter of the year was lower than that for the first quarter. Nowhere in the world is this considered a reflection of economic recession.

2. Inflation

The inflation rate, which rose to 100.7 percent in 1990, declined sharply in 1991, ending at 4 percent: one of the lowest in the world. During 1992 the downward trend in the inflation rate has been maintained. For the first six months of 1992, inflation was only 1.87 percent in comparison with the December 1991 price levels. If this tendency continues, inflation would end at 3.8 percent in 1992, slightly lower than in 1991. This lower inflation rate is due to a rather restrictive monetary policy, and to a surplus in the public sector's finances, as we shall observe subsequently.

3. Devaluation

The reduced inflation rate during 1992 also has created the necessary conditions for maintaining the exchange rate stability that the Dominican economy has evinced since January 1991. The exchange rate, including the 2 percent exchange commission collected by the Central Bank, fluctuated between 12.80 and 13.10 pesos during the first half of 1992. This type of variation, ranging from 1 to 2 percent, is normal on markets in which prices are freely determined. Currently, the exchange rate is fluctuating between 12.85 and 12.90 pesos on the dollar. The restrictivenss of the monetary policy has created conditions making it possible to maintain the exchange stability that our economy has displayed since January 1991.

4. Foreign Currency Reserves

The Central Bank's foreign currency reserves were kept at an extraordinarily high level during the first half of the year, despite the fact that the Central Bank had to spend over $80 million to pay the bill for the repurchase of most of the country's foreign debt to Venezuela. As of 30 June 1992, the Central Bank's foreign currency reserves totaled $467.6 million, reflecting an increase of $287.4 million, compared with the level that they showed at the end of 1990. This excellent reserves position would enable the Central Bank to maintain the exchange rate stability for the rest of the year, without any kind of problem.

5. Monetary Aggregates

The economic reactivation has been made possible largely by the financing that the economy has received during the first half of 1992.

5.1 December 1991-June 1992

During the first half of 1992, the principal monetary aggregates, that is, money issues, banknotes issued, money supply, and expanded money supply, have shown a performance reflecting the adoption of a restrictive monetary policy and the execution of a program for fiscal discipline that has resulted in the generation of an appreciable surplus in the central government's finances. This performance of the monetary aggregates has been the deciding factor underlying the stability of prices and of the exchange rate prevailing in our economy.

Money issues, which amounted to 8.6141 billion pesos in December 1991, ended at 9.2624 billion in June 1992, reflecting a 7.5 percent increase. Now then, the Central Bank's money issues consist of two components: that of the banknotes issued, which is the one exerting upward pressure on prices when there is an increase, and that of the commercial banks' deposits in the Central Bank in the form of cash reserves. The banknotes issued, known as high-powered money because of their inflationary implications, declined from 5.6754 billion pesos in December 1991 to 5.3421 billion in June 1992, revealing a 5.9 percent reduction. The commercial banks' deposits in the Central Bank in the form of cash reserves, for their part, rose from 2.861.6 billion pesos in December 1991 to 3.8026 billion pesos in June 1992, showing a 32.9 percent increase. The specie issued rose from 77.1 million pesos in December 1991 to 117.7 million in June 1992. This considerable increase in specie issues was due to the initiation of the replacement of 1-peso banknotes with coins of the same value.

Furthermore, the money supply or circulating medium rose from 10.9673 billion pesos in December 1991 to 11.9488 billion in June 1992, reflecting an 8.9 percent increase. The money supply consists of banknotes and money in circulation, plus demand deposits. The banknotes and money in circulation increased by 1.5 percent, whereas demand deposits rose 14.3 percent.

The expanded money supply (M2), for its part, grew from 20.603 billion pesos in December 1991 to 23.2605 billion in June 1992, reflecting a 12.9 percent increase.

All this goes to show that, during the first half of 1992, the monetary aggregates, generally speaking, displayed a very moderate growth, resulting largely from the restrictive monetary policy carried out by the Central Bank. The aggregates with the greatest effect on the stability of prices and the exchange rate, the banknotes issued, the banknotes and money in circulation, and the money supply (M1), shrank or grew moderately. It is to be hoped that, during the second

half of 1992, the Central Bank authorities will foster a slightly more rapid growth in the monetary aggregates. This would make it possible to reverse the upward tendency prevailing in interest rates, and to ensure attainment of the goal of 6 percent economic growth devised by the Central Bank authorities.

5.2 June 1991-June 1992

Money issues increased 18.3 percent, rising from 7.8296 billion pesos in June 1991 to 9.2624 billion in June 1992. The increase amounts to 33.6 percent if we add the 1.2 billion pesos frozen in the Central Bank, an amount included on the balance sheet of money issues for June 1991, but not on that for June 1992.

The banknotes issued by the Central Bank increased from 4.1193 billion pesos in June 1991 to 5.3421 billion in June 1992, reflecting a 29.7 percent rise. If we consider the fact that the cumulative inflation from June 1991 to June 1992 was only 5.8 percent, we conclude that the banknotes issued increased 22.6 percent in real terms.

The other component of money issues, namely, the deposits kept in the Central Bank by the commercial banks in the form of legal cash reserves, for their part, rose from 3.7103 billion pesos in June 1991 to 3.8026 billion in June 1992, showing a 2.5 percent increase. To be added to the value of the deposits at the end of June 1992 are the approximately 1.2 billion pesos frozen by the Central Bank after the reduction in cash reserves. This sum was omitted in the calculation of the commercial banks' deposits held in the Central Bank. When this is done, we find those deposits to have increased 34.8 percent over the past 12 months.

The money supply, another of the most important monetary aggregates, grew 48.8 percent between June 1991 and June 1992, rising from 8.0317 billion pesos to 11.9488 billion. This accelerated growth in monetary aggregates during the past 12 months should not cause concern, because it is due to organic money issues occurring when the Central Bank purchases foreign currency. As of June of this year, the Central Bank had accumulated $126.2 million, in addition to what it had in June 1991. This accumulation of reserves has caused an issue of banknotes amounting to approximately 1.5775 billion pesos. If we consider the fact that the monetary multiplier (ratio of money supply to banknotes issued) in June 1992 was 2.24, this organic money issue prompted an increase of 3.5336 billion pesos in the money supply during the past 12 months. The growth registered in the money supply was 3.9171 billion pesos. The difference, 383.5 million pesos, is due to the impact on the money supply from the rise in the private commercial banks' drawdown of legal reserves that occurred during this period.

Furthermore, it should be stressed that, from June 1991 to June 1992, the monetary multiplier (ratio of money supply to banknotes issued) rose from 1.95 to 2.24, revealing a heightened preference for liquidity on the part of individuals. This was to be expected in an economy wherein notable reductions in interest rates occurred during that period.

Recently, sectors representing the commercial banks have demanded that the Central Bank partially release some of these deposits that remain frozen, so that the banks may operate with greater liquidity, and to make it possible to reverse the recent upward trend that has occurred in interest rates. As may be recalled, when the Central Bank reduced and combined at 20 percent the three legal cash reserve rates that had averaged 33 percent, the commercial banks had more funds available to lend to their clients. Nevertheless, the monetary authorities, fearing the inflationary impact that would be caused by releasing over 1.2 billion from commercial bank deposits in the Central Bank in the form of cash reserves, decided to freeze the surplus, and to pay the commercial banks an annual interest of 12 percent. While the commercial banks were operating with appreciable liquidity, they were in agreement with the official ruling, receiving 12 percent interest for money that they could not invest at that time.

However, some commercial banks quickly increased their loans as the economic reactivation expanded the demand for lendable funds. Certain banks, as a result of the drop in interest rates, and stimulated by the desire to increase their participation in the market, offered attractive interest rates to business firms that had traditionally operated with other banks. The banks exchanged clients with each other, in a process known in financial jargon as "unpegging."

Commercial bank loans rose from 8.602 billion pesos in June 1991 to 12.7237 billion in June 1992, revealing an increase of 4.1217 billion pesos. In percentual terms, the expansion was 47.9 percent. If we consider the fact that inflation during that period was 5.8 percent. we must conclude that the commercial banks' loans grew 39.8 percent in real terms. During that same period, the deposits attracted rose 51.9 percent, in other words, by 6.3327 billion pesos; increasing from 12.1945 billion in June 1991 to 18.5272 billion in June 1992.

Nevertheless, it should be emphasized that the growth in commercial bank loans during the first six months of 1992, compared with December 1991, was 17.2 percent. This increase is also significant if we take into account the fact that, during December, all the monetary aggregates in general reach a peak, and then decline during the subsequent months. Deposits in commercial banks, for their part, increased by 16.3 percent during the first six months of 1992. If the Reserve Bank is excluded, the growth was only 11.5 percent. Thus, we note that during the first six months of 1992, private commercial bank loans rose at a higher rate than the deposits that were attracted.

During the first five months of 1992, compared with same period in 1991, commercial bank loans expanded as follows: toward the industrial sector, by 42 percent; toward the agricultural sector, by 49.7 percent; toward the commercial sector, by 70.5 percent; and toward personal loans, by 48.5 percent.

Given the fact that inflation during the first six months of the year was only 1.87 percent, the lowest interest rates that business firms can obtain at present amount to 25 percent, the Central Bank's foreign currency reserves total $467.6 million, and the public sector's finances show a surplus, it would be fitting for the Central Bank to release some of the funds gradually. This would make it possible to cut interest rates, to promote private investment, and to create the conditions for the economic reactivation to continue.

6. Interest Rates

The commercial banks' prime interest rate at the end of June 1992 amounted to 22.8 percent, showing a 3 percent increase over the level prevailing in March 1992, which was 19.8 percent: the lowest of the year. By the end of July, the prime rate rose to 25 percent, reflecting an increase of over 5 percentage points over the level in March of this year. In comparison with January 1991, the interest rate still shows a major reduction, because during that month the prime rate was 48 percent. Nevertheless, if we consider the fact that the inflation rate thus far this year has been 1.87 percent. there is no doubt that a prime rate of 25 percent is still extraordinarily high.

One of the objectives sought by the financial reform is a heightening in the efficiency with which the Dominican banking system operates. The goal is to enable the system to offer business firms real interest rates that are far lower than those in effect at present which, if they continue, could jeopardize the process of recovery in economic activity. The reform is intended to reduce the amount of intermediation with which Dominican banks are currently operating, which is relatively large, when compared with that of other Latin American countries.

Payable interest rates, which are the rates paid by commercial banks to depositors, have risen during the past three months. Whereas, in March 1992, most of the commercial banks were paying an average rate of 12 percent on 30-day deposits, currently that rate has in some instances risen to as much as 18 or 20 percent. The Central Bank recently reduced the rate paid on its certificates of participation from 20 to 16 percent. This will help to reduce the payable rate offered by the financial system, if the process of releasing the funds kept frozen by the Central Bank is initiated concurrently.

7. Central Government Finances

7.1 Tax Revenues

The central government has experienced a spectacular improvement in its public finances. During the first half of 1992, the government's tax revenues were expanded 66.3 percent, rising from 4.69 billion pesos in the first half of 1991 to 7.8 billion in the same period of 1992.

Customs receipts in the form of taxes on foreign trade rose 84.3 percent during this period, increasing from 1.78 billion pesos to 3.28 billion. The main increments in this item have been caused by taxes on imports, which rose from 1.22 billion pesos to 2.29 billion (87.8 percent); the ITBIS on imports, which went from 210.3 million pesos to 390.5 million (85.7 percent); and the exchange commission on imports, which increased from 349.1 million pesos to 600.7 million (72.1 percent). The average tariff actually paid rose from 25.6 percent during the first half of 1991 to 34.3 percent in the first half of 1992. This was due to the fact that the customs service has assigned far higher values to imported goods thus far this year.

Receipts from the income tax on individuals and businesses rose by 30.9 percent, increasing from 1.196 billion pesos to 1.565 billion. On the other hand, receipts from the ITBIS, based on internal transfers of goods and services, rose 19.7 percent, increasing from 468 million pesos to 560 million.

Internal revenue receipts expanded 21.5 percent, rising from 692 million pesos to 841 million. The most important items here are taxes on alcoholic beverages, cigarettes, and motor vehicle plates. The taxes on cigarettes and tobacco rose 5.6 percent; those on alcoholic beverages, 26.8 percent; and those on beer, 34.2 percent.

Other significant items have been the revenues based on the oil differential, which amounted to 1.0071 billion during the first half of 1992. This tax alone accounted for nearly 13 percent of the government's total tax revenues during the first half of this year.

The tax pressure, defined as the ratio between tax revenues and the GDP, which reached 12.8 percent in 1991 (when the revenues from the oil differential are excluded), increased to 16.8 percent during the first half of 1992. This reveals a substantial improvement in the government's capacity to raise tax funds.

7.2 Government Spending

As for government spending during the first half of 1992, the central government increased its expenditures by 35.6 percent, compared with the first half of 1991. This shows great wisdom on the government's part because, whereas tax revenues grew 66.3 percent during that same period, spending increased only 35.6 percent. The difference, or surplus, was deposited by the government in the Central Bank, for the purpose of calling in currency; thereby contributing to the policy of monetary restriction that has been in effect during the past 18 months.

Current spending has increased only 23.4 percent, whereas capital and investment spending rose by 50.4 percent during the first half of 1992, compared with the same period in 1991. The latter is one of the factors that helped to reactivate the economy in the first half of the year. Hence, the position that had been maintained by the Economy and Development Foundation proved correct. It claimed that the problem per se was not government construction, because we now have large investments in construction and there is neither inflation nor devaluation; but rather the excessive public spending of income, prompting the Central Bank to issue inorganic money.

7.3 Central Government Contributions to the Central Bank

During the first half of 1992, the central government transferred to the Central Bank 25.8 percent of its total standard tax revenues in order to pay the foreign public debt service, and to contribute to the policy of calling in currency. This means that one out of every four pesos collected by the central government was allocated to the Central Bank for these purposes. The total tax revenues turned over to the Central Bank to pay the foreign public debt service amounted to 1.5077 billion pesos, covering payments of approximately $120.6 million. These payments represented 19.5 percent of the central government's total standard tax revenues during the first half of 1992. For purposes of calling in currency, the central government provided 488 million pesos, equivalent to 6.3 percent of the total standard tax revenues for the period. On a monthly basis, the central government has been furnishing the Central Bank with approximately 333 million pesos to pay the foreign debt service and to call in currency.

This significant contribution of central government funds to the Central Bank reveals the political will displayed by President Balaguer during the past 18 months to create the macroeconomic conditions making it possible to stabilize prices and the exchange rate, and to eradicate the expectations of inflation and devaluation that prevailed during the entire period from 1986 to 1990. As for the gross domestic product, the central government's contribution to the Central Bank to pay the foreign public debt service amounted to 3 percent of the GDP; whereas the contribution made for calling in currency represented 1 percent thereof.

The Economy and Development Foundation had long maintained that it was necessary for the central government to channel to the Central Bank the pesos required to pay the foreign public debt service. The reason was that, if it failed to do so, the Central Bank would be issuing inorganic money to pay abroad dollars that had been bought by issuing pesos. It would also be granting an indefinite, undocumented loan to the central government, by not demanding of the latter the pesos covering the payment in dollars. For a long time, the central government failed to provide the Central Bank with those pesos, and the effect of the inorganic money was felt in inflationary and devaluating processes that all of us remember. In August 1990, the government's policy regarding payment of the foreign public debt service changed radically. This change is evident today in the official publications on the government's contributions to the Central Bank. The change has made it possible to reduce inflation to less than 4 percent, to stabilize the exchange rate, and to eliminate the expectations of inflation and devaluation that had prevailed on the macroeconomic scene.

7.4 From Deficit to Surplus in Public Finances

During the period from 1986 to 1990, the Dominican economy operated with a public sector showing an extreme deficit. This deficit in the public sector, being financed largely with credit from the Central Bank, triggered strong pressure for inflation and devaluation. The deficit, which amounted to 9.088 billion pesos during the period 1986-1990, was financed with 3.981 billion inorganic pesos, 1.8155 billion in external funds, 61.4 million pesos from interest restructuring, and 3.2301 billion pesos from arrears in the payment of interest on the foreign public debt. In 1991 the picture changed drastically, after the government eliminated all the generalized subsidies, and radically adjusted fuel prices. From a deficit of 3.036 billion pesos in 1990, there was a change to a surplus of 53.9 million (0.1 percent of the GDP) in the public sector in 1991. This radical change experienced by public sector finances was what enabled the Dominican economy to operate with an inflation rate of only 4 percent in 1991, and with a stable exchange rate at a level of approximately 12.75 pesos per dollar throughout 1991. Public finances improved even more in 1992, because whereas the central government had accrued a surplus of 401.7 million pesos during the first half of 1991, in the first half of 1992 the surplus reached 1.7385 billion pesos. In terms of the GDP, the central government's surplus rose from 0.9 percent for the first half of 1991 to 3.5 percent in the first half of 1992. For a long time, the Economy and Development Foundation had claimed that, to stop the inflationary and devaluating pressure, the consolidated public sector deficit would have to be eliminated, which would do away with the Central Bank's inorganic money issues. This was done in 1991, and has been continued in 1992. The results are clear to everyone. We hope that the present administration will remain firm in its policy of operating with sound, balanced, public finances.

8. Exports and Imports

Exports of goods, but not the total exports of goods and services, have undergone a considerable decline thus far in 1992, largely because of factors beyond the control of the government authorities and the country. During the first half of 1992, exports of goods decreased by $84.7 million in comparison with the first half of 1991. One of the largest reductions occurred in sugar exports, which dropped by $19.2 million. Weather conditions appreciably reduced the productivity levels of the private and state sugar mills, and there was a considerable drop in production, which meant lower export levels. Coffee exports declined by $14.9 million, owing to the reduction in international prices and the continued decline in the productivity of coffee plantations, which are still waiting for their renovation. Cacao exports dropped by $3.2 million, falling from $25.3 million to $22.1 million. Exports of minerals, especially ferronickel and gold and silver alloy, declined by $45.8 million as a result of the drop in world nickel prices. This was caused by the Russian invasion of the world nickel market, offering scrap iron at very low prices; and by the decline in gold and silver alloy production, due to the oxide depletion process at the Pueblo Viejo mine operated by Rosario Dominicana. Finally, exports of other products, the nontraditional types, were reduced by $3.1 million.

This decline in nontraditional exports could be viewed as a notable achievement, if we consider the fact that this item includes meat exports, which dropped sharply during the first half of 1992. This resulted from the ban on Dominican beef exports by the U.S. Government, due to the lack of adequate health controls in the country. If we omit meat exports from the nontraditional exports, we find an increase of approximately 25 percent in the latter exports during the first half of 1992.

Imports, for their part, rose by 20.2 percent in the first half of 1992, compared with the same period of 1991, increasing from $824.8 million to $991.7 million. Oil imports expanded by $29.4 million, whereas imports of other products rose by $164 million; largely as a result of the strong economic reactivation that the country showed during the first half of 1992.

The trade balance closed with a deficit of $685.8 million during the first half of 1992: much larger than the deficit of $434.2 million evinced by the Dominican economy during the first half of 1991. Then how it is that, despite this extraordinary increase in the trade deficit, the economy has managed to finance all its imports and to maintain its exchange stability? It is due to the fact that, for every dollar generated by exports of goods, the Dominican economy is generating $3.00 by exporting services (tourism, free trade zones, and others). It is also a result of the fact that the sound economic policy has prompted an appreciable repatriation of capital that has enabled the Central Bank to increase its foreign currency reserves significantly.

Whereas, during the period January-June 1991, exports of services amounted to $669 million, in the same period of 1992 they reached $729.6 million, according to projections made by international agencies. Imports of services declined by $2.4 million during the first six months of 1992, compared with the first half of 1991, dropping from $417.4 million to $415 million. Hence, the services account closed with a surplus of $314.6 million. Net unilateral transfers, 84 percent of which consist of funds from Dominicans residing abroad, for their part, rose from $193.3 million during the first half of 1991 to $205.6 million for the first half of 1992. Consequently, the current account deficit in the balance of payments during the first half of 1992 was $165.6 million: far lower than the trade balance deficit of $685.8 million.

9. Real Wages and Employment

Considering the fact that, at the end of 1991, a 30 percent increase occurred in the minimum wage, and inflation was 1.87 percent during the first half of 1992, we find that the current real minimum wage is 28 percent higher than the wage in effect six months ago. This higher real wage has expanded the economy's aggregate demand, and has become one of the factors stimulating the economic growth that the country has shown thus far in 1992.

As for employment, the unemployment rate may be claimed to have declined in 1992. Estimates made by the Economy and Development Foundation, based on a survey on the employment generated by the mini-business sector, put the present unemployment in our economy at 14.3 percent. Previously, estimates of unemployment did not take into account the large volume of employment generated by the mini-business sector. By the end of March, the latter was generating over 700,000 jobs: in other words, 27.6 percent of all the employment absorbed by the Dominican economy. According to these estimates, the agricultural and livestock industry generates 23.7 percent of the total employment; the sugar industry, 2.4 percent; the nonsugar manufacturing industry, 2.8 percent; commerce, 12.6 percent; the free trade zones, 5.4 percent; tourism, 1.9 percent; the government, 7.9 percent; mini-businesses, 27.6 percent; and the other sectors (housing, finance, construction, electricity, communications, fishing, mining, forestry, transportation, and other services), 15.7 percent.

Haiti

Soldier Dies After Attack by Armed Civilians

FL2209183492 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 22 Sep 92

[Excerpt] Haitian Army Corporal Yvon Vilus died at the Military Hospital after he was shot by three armed civilians on the night of 18 September in Martissant 23. Cpl. Vilus was attached to the Haitian Navy. An authorized source in this institution has reported that the three individuals went to the corporal's home Friday night and shot him as he walked toward them. According to a resident of the neighborhood, the corporal also shot at his attackers; whether he wounded them is not known.

On the morning of 19 September, the corporal was found on the floor and was taken to the Military Hospital where he died over the weekend. Residents of the Martissant area are complaining that a significant portion of the population has taken to the bush because Haitian Navy soldiers searched the area the morning of 19 September.

The residents say they are now even more fearful because armed civilians have been in the area since the departure of the military. According to a Haitian Navy official, it was normal for the military to investigate the circumstances of the corporal's death, but that action was not intended to cause problems for the people.

Martissant residents are fearful because about five armed civilians arrested a citizen, Jean-Guiteau Laine, in a lottery bank in Martissant 21. [sentence as heard] [passage omitted]

El Salvador

Cristiani on Demobilization of FMLN Contingent

PA2209154192 San Salvador Radio Cadena YSU in Spanish 1800 GMT 21 Sep 92

[Report by Maria Teresa Fajardo]

[Text] The demobilization by the Farabundo Marti National Liberation Front [FMLN] of another 20 percent of its forces is a positive step for its integration into society, President Alfredo Cristiani said on 21 September. We must remember that this gesture is not isolated but forms part of a scheduled timetable, the president said. He added: The FMLN must continue to comply with the agreements as it is doing today because no reasons exist for it to insist on maintaining its military structure. Nevertheless, there is pressure for all the points agreed upon in Mexico to be fulfilled by 31 October.

[Begin recording] [Cristiani] In the first place, we view as positive the step by the FMLN to demobilize a second contingent on 21 September. Nevertheless, we think the demobilization and disarmament of the FMLN should not be partial but complete. The objective of the peace process is total demobilization and the end of the FMLN's military structure. It should conclude in accordance with the timetable established in the original agreement and the latest modifications made in August. We do not think isolated steps are sought from the FMLN but its total and definitive incorporation as a disarmed group.

Secondly, I am going to the United Nations on 22 September and, of course, I will use the opportunity again to issue a call to the international community, especially with regard to accelerating the arrival of resources that were promised. In any case, most of the economic cabinet is in Washington, where there are meetings with the international community, and efforts in this regard are being made. As for the reincorporation programs, the government has presented all of them and is ready to begin them when the opportunity presents itself.

[Unidentified reporter] You will travel to the United Nations on 22 September and it is said you will receive there the report from the Ad Hoc Commission. If you receive the report, will you make it known to the public and what actions will you take with regard to officers implicated in cases of human rights violations?

[Cristiani] Before making any decision, I think it is important to wait and hold a meeting with the Ad Hoc Commission. We must wait for the recommendations they will make. Our view is that being part of the peace agreements, we will comply with the agreements.

[Reporter] Nevertheless, the Catholic Church on 20 September agreed that the time frame is too short and that some mistakes might be made, such as only formally complying with agreements that are very important for the country's future. Why does your government insist on 31 October as the deadline for the FMLN to disarm?

[Cristiani] We do not believe reasons exist to change the 31 October deadline. I will state the following based solely on what you have said the church expressed in view that I have not heard this opinion. If that is its opinion, I am surprised that the church thinks that the agreements will work with weapons. The Salvadoran Government has expressed its political determination to comply with its part of the agreements. If such an opinion was expressed, we believe it might be an individual opinion rather than one held by the entire Catholic Church. I would also like to state that in its evaluation report, the United Nations said that with the exception of disagreements over the transfer of land, conditions exist for the agreements to be fulfilled by 31 October. Our position is that there is no reason for the FMLN to maintain its military structure, especially after it has already filed its request to the Supreme Election Tribunal to register as a political party. As you well know, the Constitution prohibits the existence of an armed political group in the country. [end recording]

The president also announced that Honduran President Rafael Leonardo Callejas will pay an official visit on 28 September. He said he will travel with members of this cabinet on 22 September to deliver his annual report to the UN General Assembly in New York.

Aronson, Cristiani Said Hampering Agreements

PA2209183392 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 21 Sep 92

[Text] The Farabundo Marti National Liberation Front [FMLN] has charged that Bernard Aronson, U.S. assistant secretary of state for inter-American affairs; President Alfredo Cristiani; and General Rene Emilio Ponce, defense and public security minister; are creating a complex situation for the peace agreements. During a news conference, the FMLN General Command members said Aronson, Cristiani, and Ponce are leveling a number of charges against the FMLN for the purpose of creating a complex situation for the agreements that remain to be kept. The top FMLN leaders also noted the government so far has failed to keep a number of agreements although the timetable for compliance was reviewed. Among other things, the government had agreed to provide land, pass the laws banning unlawful enrichment and paying a compensation to former FMLN fighters, and provide security for FMLN fighters.

The FMLN noted the timetable for the agreements not kept by the Army and the Armed Forces will have to be revised. In addition, the FMLN leaders called on the Salvadoran Government and Armed Forces not to turn the land pockets that were allocated to Honduras into areas of destabilization. According to the FMLN leaders, the Army is waiting for the end of the armed confrontation to station troops in those places. This situation cannot be allowed, the FMLN leaders said, because it will create a tense climate in the zone. They support

turning the zone into a test for integration, since relations among civilians from the two countries are very good.

FMLN Demobilization Depends on Land Transfer

PA2209175292 San Salvador Radio Cadena YSU in Spanish 1800 GMT 21 Sep 92

[Report by Enrique Lemus]

[Text] Only the beginning of the transfer of land for 40 percent of the former FMLN [Farabundo Marti National Liberation Front] combatants will make possible the total dismantling of the FMLN's military structure on 31 October, Commander Leonel Gonzalez has said. To date, the land granted to the demobilized FMLN members has not been legalized. This does not guarantee that the government is complying with what is established in the agreements on the issue of land. Leonel Gonzalez added: As a gesture of goodwill to consolidate the peace process, we decided to demobilize another 1,600 former combatants on 21 September.

[Begin Gonzalez recording] We have expressed our political resolve to end our military structure on 31 October. We are acting on the basis of that resolve. Nevertheless, that date will depend on the solution of the land problem and on the special system [regimen especial] not being distorted. It will also depend on the return of the mayors not bringing about a situation of instability. We have proceeded to demobilize our second contingent to comply with the established timetable. Three other demobilizations by the FMLN are still pending. We are willing to carry them out but this will depend on the substantial solution of the land problem in September. What does substantial mean? It means that land will begin to be assigned to the majority of the first, second, and third contingents of the FMLN. [end recording]

The agrarian problem, one of the main causes of the 12-year war, is now becoming one of the crucial problems in the implementation of the agreements which ended the armed conflict. More than 300,000 manzanas of land must be distributed among combatants of both sides and civilians affected by the conflict. The government argues it does not have the necessary funds to transfer the land. This is rejected by the FMLN which points to what is established by the agreements.

[Begin Gonzalez recording] It is true the United Nations has said this is the most crucial, essential, and delicate issue to be resolved. The government's argument is lack of resources. We have questioned that position because the peace agreement does not establish the distribution of land on the basis of resources. Instead, the government has a commitment to resolve the problem by distributing land. A commission of experts is already in the country. We have had the opportunity to exchange views with them and to make our position known. Nevertheless, this is not only a problem of assigning land. Instead, the problem of the distribution of land must be resolved in a substantial way. This means that not only must the problem of the former combatants be resolved, but also that of current land holders. We are aware that this problem will not be solved by 31 October. The entire problem of the inventory of land—we are talking about approximately 312,000 manzanas—will not be resolved completely on 31 October. This will continue until 1993. What must be resolved before 31 October is the land problem not only for the combatants but for the current land holders. [sentence as heard] [end recording]

A special UN commission is in the country at this time to resolve the agrarian problem with all sectors. According to the rescheduling of the agreements, the third 20 percent of the guerrillas will surrender their weapons on 31 September. On 15 October, 80 percent of the demobilization will be completed. In this way, the total dismantling of the FMLN military structure will be completed on 31 October. Nevertheless, the elimination of the armed rebel wing will only be possible if those who fought for 12 years are provided the necessary means to return to civilian life, the rebel commander added.

Guatemala

Serrano Comments on Court Ruling on Integration

PA2209222292 Guatemala City Teleonce Television in Spanish 1800 GMT 21 Sep 92

[Text] The Constitutional Court ruled on 21 September that President Jorge Serrano Elias can travel to Panama without requesting permission from Congress. The court made its decision when a new inquiry was made on the matter during a public audience held at noon on 21 September. President Serrano was among those present. President Serrano made the following comments before the decision was disclosed:

[Begin Serrano recording] Members of the Constitutional Court, justices, ministers, ambassadors, deputies, Central American parliamentarians, ladies and gentlemen: I told the Constitutional Court president that acts of submission to the law strengthen the state of law. All Guatemalans should know that regardless of the position or office we hold, the law prevails above all. In this case it is the Constitution of the Republic that is being subject to interpretation [word indistinct]. That is why the executive, in compliance with the constitutional order, and the [word indistinct] constitutional, has made use of the mechanisms provided by the Constitution. We have come before this court to present the corresponding inquiry to avoid the demagogy that could preclude our good intentions to strengthen Central American integration. Upon learning of the bases of this honorable court's resolution, I think there is something much more important than the issue of whether the president and vice president can or cannot travel to Panama with their ministers. Today a criterion has been accepted; that is, the Constitution has been interpreted in an unbiased manner to include Panama as part of Central America. Messrs. President and Justice of the Court, that interpretation of the Constitutional text is a matter of great importance for the

Central American region. For the world in which we live, this new situation imposes the creation of new blocs and groups by region and subregion.

The actions by the Central American presidents, particularly the current and previous Guatemalan presidents, regarding Panama's integration with the Central American system was correct and is in keeping with the executive's criteria for a geographic Central America. We believe it is fundamental for steps to be taken in the future so Panama can be integrated fully into our system and in diverse institutions such as the Central American Parliament, institutions that have been created in past years with great hope for Central American consolidation. Therefore, we view the result of this inquiry with great joy because we understand it goes beyond an interpretation of the Constitution. We understand Guatemalans favor integration, want a strong Central America, and want to struggle for the region.

We Guatemalans have a clear mechanism for presenting an inquiry before the Constitutional Court [words indistinct] matter on which there could be a doubt at any given time. As I said before to the Constitutional Court magistrates, we want to have better access to this mechanism because we [words indistinct]. Therefore, thank you on behalf of the Guatemalan people. We convey our gratitude for the way you have settled this issue. Thank you. Long live a united Central America. [applause] [end recording]

Ministry Assists in Labor Rights Investigation

PA1909152092 Guatemala City SIGLO VEINTIUNO in Spanish 18 Sep 92 p 5

[Text] Deputy Labor Minister Carlos Contreras Solorzano, currently in charge of the ministry, said on 17 September that the ministry is willing to assist in a U.S. Government commission's investigation of labor rights violations.

Contreras said the ministry has stated from the beginning that violations of workers' rights in Guatemala is undeniable, but "we insist that the government has made enormous efforts to increase respect for those rights."

According to Contreras, under the current administration the Labor Ministry has received greater attention by regionalizing the general inspectorate. Likewise, the ministry encourages debates on labor reforms that support workers' rights.

He insisted that the government has made considerable efforts to ensure respect for labor laws, and he is willing to prove it "not because of the threat of losing exports, but because we believe the country's institutions need to be strengthened."

Contreras worries that Guatemala may lose its privileges to enter the U.S. market, but he is also concerned by the 200,000 jobs that could be lost in the area of nontraditional exports alone.

Unemployment is a big problem in our country, Contreras said, therefore we must plan to generate more jobs and at the same time ensure that workers' rights are respected.

Lastly, Contreras said there is a history of violations of workers' rights, and the problem cannot be solved in 15 months. He reiterated the ministry's willingness to take part in the investigation.

* Ombudsman Opposes Repatriation of Refugees

92CA0209A Guatemala City SIGLO VEINTIUNO in Spanish 13 Aug 92 p 3

[Text] Yesterday, at the National Palace, the human rights prosecutor, Ramiro de Leon Carpio, claimed that the conditions have not yet been provided for Guatemalan refugees in Mexico to return to our country.

The ombudsman met briefly with the defense minister, General Jose Garcia Samayoa, regarding the armed institution's participation in several incidents involving those rights.

He commented: "In the case of the refugees, the intermediary entity comprised of the Catholic Church, the Prosecutor General's Office, the UNHCR [UN High Commissioner for Refugees], and the Human Rights Commission based in Mexico will submit a document to the parties concerned."

Quite realistically and objectively, he went on to say that an attempt is being made to prompt the government and the refugees to reach an agreement, so that they may begin returning, making them aware of the conditions prevailing in Guatemala.

He cautioned: "Nevertheless, we must see to it that they do this under the most favorable conditions, to prevent them from being victimized upon their return. I share the view that these conditions are not yet present."

Among the difficulties, he cited the example of land holding, and the lack of guarantees for their individual and collective security. These will have to be provided in a slow process: one that is also on a par with the advancement of the peace process.

He continued: "If we discuss security in general, there are many problems; because today every Guatemalan has as an obstacle his personal insecurity, caused by the mutual violence."

He noted that one serious factor has been the inability of the police to curb that violence, in many instances making irrational, disproportionate use of their force against civilians.

He stressed that this insecurity must be resolved with short, medium, and long-term measures; and that, as part of this, the refugees' return must be taken into consideration.

He commented: "Now then, the insecurity that they claim relates to their physical condition and dignity, associated with their status as refugees, and the fact that they will come as repatriates from a political standpoint."

There are other issues, such as Civil Self-Defense and military recruitment, on which agreement must be reached, but not for the purpose of giving them special or preferential treatment, as De Leon Carpio emphasized. In any event, the prosecutor advised, they must be assured and guaranteed that their return will be peaceful; and, in particular, that they will arrive under similar conditions, and not worse conditions than they had in Mexico.

He expressed the view that, "They are not in a paradise there, but at least their jobs and lives are guaranteed. Therefore, we would be acting badly if we allowed them to return to their country only to undergo worse suffering than they are already facing there."

* Ombudsman Cites Human Rights Violations

92CA0209B Guatemala City PRENSA LIBRE in Spanish 13 Aug 92 p 2

[Text] A total of 253 murders, as well as 65 forced disappearances, and many other cases involving flagrant violations of the rights of Guatemalans, were disclosed yesterday by the human rights prosecutor, Ramiro de Leon Carpio, in his report for the first half of 1992.

At a press conference, De Leon Carpio remarked that, although the cases of violations declined in comparison with last year's number, the Guatemalan population is still living in an atmosphere of insecurity and unrest.

In his report, the human rights prosecutor cites the Guatemalan state as the principal violator of the guarantees of human beings. He points out that the majority of the acts are committed by government security personnel; but that, on the other hand, when the government receives complaints of violations, it totally disregards them.

He adds that, thus far during the first half of 1992, a total of 20 murders were solved, and attributed to the security forces; as well as 12 ascribed to subversive groups, and eight, to special situations. Meanwhile, the others, totaling 253, are in the investigative phase.

In this connection, De Leon Carpio describes the murders as an arbitrary deprivation of life, attributed to government agencies, and to paramilitary or subversive groups, which do not respect the guarantees contained in the Constitution of the Republic.

As for the forced disappearances, the ombudsman explained that the reports received in his office total 65, with three of the persons involved found dead, and 14 alive. Three were ascribed to the state, and six to subversive groups.

He added that the violations in the realm of social rights, including health, environment, child abuse, deficient medical care, and others, total 148. In the area of economic rights, he was informed of over 83 violations; while in the case of forced military recruitment, he received a total of 267 cases, 131 of which have been resolved.

* Government Asks Congress for Budget Increase

92CA0209D Guatemala City PRENSA LIBRE in Spanish 21 Aug 92 p 75

[Text] The government urgently needs the Congress of the Republic to approve a budget expansion of 250 million quetzales, which will help it to meet its operating expenses and to pay the public debt.

The president of the Republic has met with deputies from the UCN [National Union of the Center], DC [Christian Democratic], and MAS [Solidarity Action Movement] parties, requesting their understanding and support for the approval of this increase in the national budget, enabling it to meet its public spending commitments.

The president's justification to the deputies from various partisan groups was that he lacks funds with which to pay for the increases agreed upon for public employees, the 14 bonus, which has not been paid to some employees. He also cited the unpaid public debt.

Deputies from the congressional finance commission are apprised of this presidential request; hence, next week it will be included as a point on the agenda for approval in the plenary session, as PRENSA LIBRE was informed.

A press conference had been scheduled for today in the Ministry of Public Finances, but it was canceled, because there will be a cabinet meeting before President Serrano's trip to the Republic of China, Korea, and Indonesia.

* Luna Interviewed on Economic Matters

92CA0209C Guatemala City EL GRAFICO (Economic Supplement) in Spanish 19 Aug 92 p 3

[Text] "I have observed with concern that, according to the statistics as of 8 August of this year, compared with last year's, we have an exchange balance (that is, the total purchases or sales made abroad by the country), hence, a balance reflecting our foreign currency receipts or outlays, with a disturbing deficit of $535,769,900." This statement was made by Hector Luna Troccoli, acting representative of the National Congress on the Monetary Board.

"Last year, this exchange balance showed a surplus, or positive situation, of $341,341,300. Nevertheless, by August a negative factor of $194,428,500 has appeared.

"We have a difference whereby more foreign currency has left the country than has entered, in the latter amount noted. However, if we add to it the $341 million

of last year's positive amount, this gives us a total overall deficit of $535,769,800 in the exchange balance, compared with last year.

"Certain other situations are occurring in the trade balance, which is being controlled by the import policies; and, in the trade balance, we also find that exports, generally speaking, amounted to $560 million by May of this year.

"In other words, we have $560 million in exports, and $916.8 million in imports. Obviously, this also gives us a deficit of nearly 400 million quetzales in the trade balance per se.

"There would be an overall deficit of $356 million in the trade balance; and this relates to Guatemala's trade with the other nations of the world.

"These prospects are disturbing, and we think that some type of measure should be adopted, making it possible to surmount these situations. They are even being reflected (some owing to external factors, and others, to internal factors) in certain events that are occurring. For example, in the case of coffee where, although a larger volume has been exported than was exported by this date last year, we find that there is a deficit of $97,919,500. This is the impact represented by the decline in coffee prices up until now.

"Nevertheless, in the case of nontraditional products, whereas there is a surplus compared with last year, although the amount is small, a positive balance of $28,438,100 has been achieved.

"All these indicators are sending us highly significant warning signals, to take joint action, not only in the case of coffee, but also for the country's entire productive activity. The action should be aimed at having specific agencies, such as the economic cabinet, the Bank of Guatemala, and other institutions, which may be governmental or nongovernmental, analyze this performance, and begin devising economic policies to stimulate production and make it more efficient. In this way, we could overcome all these negative parameters that are becoming evident to us.

"The foregoing is important because, obviously, we should remember that, ever since the quetzal lost its monetary and exchange stability, foreign currency has virtually begun playing an extremely significant role in the nation's economy. This is due to the fact that whether or not the quetzal is devalued depends largely on it.

"In the past, we were not concerned about what was entering in the form of foreign currency, because the quetzal was as strong as the dollar itself, or perhaps even stronger. Since 1980, however, when this crisis began, the status of foreign currency receipts has become one of the most important factors for the national economy's progress or retrogression."

At the Monetary Board, Luna Troccoli continued his remarks: "I claimed that it was necessary to make a new assessment of this entity's projections, because they are no longer geared to reality.

"Furthermore, the price index has risen again and, although prices became stabilized, on 7 August inflation again exceeded 8 percent. And, one of the goals that had been set for inflation was that it should be kept between 6 and 8 percent.

"I proposed this to the Monetary Board and, today, Wednesday, we shall have a report from the Technical Council on the general assessment of the entire policy on money, exchange, etc. In other words, on everything pertaining to the Bank of Guatemala. However, the problem is that the Monetary Board has been supporting the country's economic stability from 14 January 1991 to date, but it is no longer possible for this to continue.

"Because this could become a 'boomerang,' inasmuch as there could be a stability that to some extent would be only ostensibly financial. But it could plummet at any moment, if another series of collateral measures, incumbent on the central government, as a government, is not adopted."

Honduras

Minister on Central American Supreme Court

PA2309033892 Tegucigalpa EL HERALDO in Spanish 21 Sep 92 p 4

[Text] Foreign Minister Mario Carias Zapata has stated: "I believe it is almost impossible to have a Central American Supreme Court that will govern all aspects of citizens' lives in the region on a medium- or short-term basis.

"Although there is a great idealistic urge for Central Americans to solve their own legal and territorial problems, I do not see how a regional court will implement a trial annulment, a court appeal, or how it will judge border-related problems," he added.

As a man who loves history, Carias asserted that in practice political solutions are better, thus it is preferable to have a court that can also decide political issues.

Carias said he was in favor of the prompt establishment of a Central American Integration Court to solve problems dealing with fraud, "dumping," [previous word in English] disloyal banking practices, or monetary manipulations.

"The steps taken to further Central American integration do merit the immediate establishment of an integration court to rule on any controversy or dispute on this matter," he added.

According to Carias, the court could be part of the Central American Supreme Court that is to be established in the future.

In regard to monetary unification, Carias said it would be feasible among Honduras, El Salvador, and Guatemala as they have exchange rates of 5, 5.60, and 6 currency units to the dollar. That puts them in the same band—as they are called in Europe—to facilitate the movement of capital, labor, and other elements.

Minister Cited on 'Very Little' U.S. Pressure

PA2209162892 Tegucigalpa EL HERALDO in Spanish 21 Sep 92 p 5

[Text] Foreign Minister Mario Carias Zapata said that there is "very little" U.S. pressure or ties on foreign policy issues in President Rafael Callejas' current administration.

Carias noted: "There are issues of common interest with the United States, however, the general outlines and decisions in Honduran foreign policy are made by President Rafael Callejas, in conjunction with his ministers. President Callejas does not follow an orientation that could be considered as linked to the United States."

"I believe," he continued saying, "that the current government has made quite a big and positive turn with regard to the foreign policy that we have tried to carry out, bearing in mind the interests of Honduras."

The foreign minister recalled that in the case of Nicaragua, in the past two years, Honduras has talked with the Sandinists, with President Violeta Chamorro's government, and with the contras.

"In my opinion, for example, Sandinism is a political party that will remain active in Central American political life and therefore one must not set up ideological barriers to prevent contacts with them because they have deputies with a significant quota of power in Nicaragua," he commented.

Carias expressed himself under the same terms with regard to the Farabundo Marti National Liberation Front of El Salvador.

"Current times indicate that one must have dialogue with all the sectors in the regional political arena," the minister noted.

Kuwait Grants $25 Million Loan for Dam Repairs

PA1909140792 San Pedro Sula TIEMPO in Spanish 18 Sep 92 p 5

[Text] Tegucigalpa—It has been officially announced that Kuwait granted a $25 million loan to Honduras to repair the spillway at El Coyolar Dam and expand irrigation areas.

Finance Minister Benjamin Villanueva and Natural Resources Minister Mario Nufio Gamero signed the agreement on 16 September with members of a Kuwaiti delegation who were ending a 12-day visit to Honduras to assess the project's feasibility.

This is the first loan granted by Kuwait to a Latin American nation. It will be paid off in 24 years with a four-year grace period and a 3.5-percent interest rate.

The project to repair the spillway, which was damaged by wear and a geological fault in the Comayagua Valley, as well as repairs to an expansion of irrigation lines will increase the number of hectares irrigated from 1,000 to 3,000.

El Coyolar Dam was built in the 1950's and currently represents a danger to thousands of inhabitants in the Flores region in Comayagua Valley because the spillway could break if it is not repaired soon, Nufio Gramero said.

Nufio Gramero added that the repairs and expansion of the irrigation system will cost approximately $36 million. The government will contribute $11 million to the project.

The project will last three years, and Kuwait will disburse the funds as construction goals are met.

Nicaragua

Chamorro Creates Commission To Study Violence

PA2309042892 Managua LA PRENSA in Spanish 21 Sep 92 p 1

[Text] President Violeta Barrios de Chamorro has invited His Excellency Cardinal Miguel Obando y Bravo to be part of a tripartite commission with government representatives to analyze and review violent situations that have arisen in rural areas over last two years, affecting former Nicaraguan Resistance members and other segments of the population.

The report was confirmed by the Foreign Ministry's Directorate of Information and Communication in a brief communique, which also says that President Chamorro's initiative to create the tripartite commission seeks to follow up on important agreements. The agreements include the Tela Agreement on demobilization, the Toncontin Agreement, and the Managua Agreement and its protocol.

President Chamorro's administration has appointed Deputy Foreign Minister Jose Bernard Pallais as representative to the commission to support actions that strengthen peace and stability in zones where violent incidents have occurred.

The tripartite commission will reportedly be made up of the CIAV [International Support and Verification Commission]-OAS, the Nicaraguan Government, and Cardinal Obando y Bravo as highest representative of the Catholic Church.

Army, Recontra Groups Clash in Border Areas

PA2209150892 Managua Radio Nicaragua Network in Spanish 1100 GMT 21 Sep 92

[Text] The mountains of northern and central Nicaragua again are witnessing armed confrontations between

Army troops and anti-Sandinist rebels, known as recontras. The new rearmed group is called the 3-80 group, in memory of Enrique Bermudez, principal chief of the defunct Nicaraguan Resistance. The group claims to operate in five of the country's departments.

According to the latest newspaper report, the most recent confrontation between the rebel and Army troops occurred at the Teotecacinte border post where there were many casualties on both sides. Neither side has confirmed the casualties.

At least 2,000 of the Army's special soldiers were transported over the weekend from Managua to the strife-torn region.

More on Clashes

PA2309024692 Managua Radio Catolica in Spanish 1100 GMT 22 Sep 92

[Text] According to Army sources, Army troops and recontra groups clashed at least three times in the northern part of the country in the past few days. Several news agencies reported on 21 September that Honduran Army troops had been sent to the border area because armed groups were attempting to enter Honduran territory. That information, however, has not been confirmed by military sources. The Sandinist People's Army began a military operation four days ago and it has yet to give an official report on the violence in the northern part of the country.

UNO Demands Removal of Ortega, Lacayo, Chamorro

PA2209165692 Managua Radio Catolica in Spanish 1100 GMT 21 Sep 92

[Text] As announced, there was a march in the city of La Concha on 20 September, in support of the document issued by the three top leaders of the National Opposition Union [UNO] on how UNO views the national crisis and seeks a solution for it. We understand that hundreds, thousands of people participated in the march. Those who participated chanted slogans demanding the removal not only of General Ortega and Minister Lacayo, but also of President Chamorro.

We have contacted Dr. Wilfredo Navarro, one of the principal UNO leaders, who will analyze the significance of the 20 September march in La Concha and announce the upcoming events to be carried out by the three leaders: Alfredo Cesar, Virgilio Godoy, and Dr. Aleman.

[Begin Navarro recording] Good morning. A march was staged in La Concha Department on 20 September. The march marks a significant event in terms of UNO's political activities. It marked a new stage of UNO opposition to a government that no longer responds to the interests of Nicaraguans. The decisive note in the 20 September event was that a large number of people not only demanded the resignation of Mr. Antonio Lacayo and General Humberto Ortega, but also demanded the resignation of Mrs. Chamorro for failing to fulfill aspects of the government program.

Another important point is that Deputy Humberto Castillo of the Let's Save Democracy Movement said that in zones of the 5th Region, the Let's Save Democracy Movement and mayors have begun a civic protest movement, blocking traffic toward Rama and demanding the resignation of Mrs. Chamorro. A similar activity will be staged in Muelle Los Bueyes on 27 September. The participants announced that they will continue to stage demonstrations to protest the corruption, terrorism, and robbery that has prevailed in Nicaragua over the past years.

An unpleasant thing happened at the end of the demonstration. The vice president's caravan was attacked apparently in the name of state security. Mayor Martin Munoz and defenseless women who were participating in the march were injured. This is another of the terrorist attitudes demonstrated by the Sandinists. The important thing is that the people recognized the attackers and said they were renowned state security members of the former government. [end recording]

FSLN Admission to SI 'Political Triumph'

PA1809160592 Managua BARRICADA in Spanish 17 Sep 92 pp 1, 10

[Text] The Socialist International [SI], during its 19th congress in Berlin, Germany, approved the membership of the Sandinist National Liberation Front [FMLN] as an observer. FSLN leader Daniel Ortega on 16 September described this development as a "political triumph of Sandinism."

The congress, held 15-17 September, also admitted the former Colombian 19 April Movement [M-19] guerrillas as observers.

The FSLN, which until 16 September had attended SI meetings as a guest, will now have the right of voice but not right to vote under the new status granted by the international political organization, which has a social democratic orientation.

"This is a very important political development because only two organizations (M-19 of Colombia and FSLN) were admitted as members out of 48 organizations that applied for membership under that status," the FSLN secretary general added in Managua.

Ortega said Sandism triumphed over "those who in Nicaragua tried to block" the FSLN effort to join SI in reference to the Nicaraguan Socialist Party, whose membership application was rejected.

The FSLN National Directorate reported to the Nicaraguan people and Sandinist militants and followers on the decision of the SI congress in a brief communique issued on the evening of 16 September.

"The decision of the SI congress reflects the international prestige and authority that Sandinism has consolidated since 1978 when the FSLN began its association with SI," the National Directorate press note states.

Intense debates took place within Sandinist ranks on whether to apply for full SI membership prior to the FSLN first congress in July 1991. Many Sandinist militants opposed the application arguing it violated the organization's political-ideological principles.

Others, however, supported it for the sake of the FSLN's international image and its alliance policy.

In the end, the SI congress admitted the FSLN as an international observer.

New Political Merger To Be Concluded 27 Sep

PA2309121292 Managua Radio Corporacion in Spanish 2200 GMT 22 Sep 92

[Text] Dr. Francisco Taboada has reported that three Social Christian factions will merge during a meeting to be held at the Intercontinental Hotel on 27 September. Journalists and leaders of political organizations have been invited to the event.

The first merger included the National Confidence Party and the Social Christian Popular National Action, and it resulted in the Christian Democratic Unity, the coordinator of which will be Dr. Luis Humberto Guzman.

The new merger includes the Social Christian Party headed by Francisco Taboada, a faction of the Popular Social Christian Party headed by Carlos Garcia Caracas, and a National Action faction headed by Duilio Baltodano.

Both the Christian Democratic International [IDC] and the Christian Democratic Organization of America [ODCA] are interested in creating a single party of Christian democratic or social Christian orientation in Nicaragua.

Peruvian Official on Efforts To Fight Rebels

PA1909131992 Managua Sistema Nacional de Television Network in Spanish 2330 GMT 17 Sep 92

[Text] The Peruvian Government's new strategy following the arrest of Shining Path's founder and top leader has led to the arrest of 100 leaders of that guerrilla organization.

Mr. Marcos Nunez Melgar, charge d'affaires of the Peruvian Embassy in Managua, spoke to this newscast in an exclusive interview.

Close cooperation between the Army and the people against Shining Path is part of the Peruvian Government's new strategy.

[Begin recording, in progress] [Nunez]...fundamentally lies in the terrorists' repentance based on the government's promise to reclaim them for society, to release them from prison under the condition that they serve as members of the Peruvian Army under our compulsory military service. That is part of the strategy to fight subversion. The Peruvian Government will try to eliminate subversion in the shortest time possible, but it can only be done by following the current government's principle, which is to promote tight cooperation between the Armed Forces and the population. This is a new strategy, and it is yielding good results.

[Unidentified reporter] Peru, Chile, Ecuador, and Bolivia are coordinating efforts now to fight guerrillas. What are those efforts?

[Nunez] Actually such coordination has existed for some time. The only difference now is that coordination has been stepped up and strengthened in view of the fact that these seditious elements could be trying to flee into these neighboring countries. The police forces and armies of the neighboring countries have doubled their efforts and are paying closer attention to surveillance in order to prevent the passage of subversive elements. [end recording]

The Peruvian Government's activities against drug traffickers and terrorists have led to the arrest of 100 Shining Path leaders. The Fujimori government reported on a vast network of 36 international organizations and at least 60 people who are committed to supporting Shining Path in Europe and the United States. The military trial of Abimael Guzman will begin on 27 September. He was the leader of the organization that has claimed over 26,000 victims to date.

Sweden Says $55 Million in Aid Will Continue

PA1909150092 Managua Sistema Nacional de Television Network in Spanish 2330 GMT 17 Sep 92

[Text] Presidency Minister Antonio Lacayo and Foreign Cooperation Minister Erwin Krugger met with (Karl Tamp), general director of the Swedish Agency for Development. The Swedish Government provides $55 million annually, and (Tamp) said aid to Nicaragua will continue because the Swedish Government believes in the economic reforms promoted by the Nicaraguan Government led by President Violeta Chamorro and the proper use of foreign resources.

Sweden cooperates with Nicaragua in the areas of forestry, health, culture, and balance of payments.

* Respect for Sovereignty Requested

92CA0201B Managua BARRICADA in Spanish 11 Aug 92 p 9

[Commentary by Ernesto Castillo M.]

[Text] The removal of Rene Vivas as chief of police should be analyzed from the standpoint of the United States' determination to impose its own plan on Nicaragua and the weakness of Violeta Chamorro's government in accepting such a decision.

Since 25 February 1990, the Americans have interpreted the election defeat of the FSLN [Sandinist National

Liberation Front], not as a victory of the election coalition, but rather, as massive popular support for Chamorro. For them, the big winner in the 1990 elections was Washington.

They know better than anyone else that UNO [National Opposition Union] had no substance of its own and that without the leadership and total and open support of the United States, there was no possibility of winning the government either through elections or military action by the contras. The UNO-Violeta Chamorro phenomenon was designed and planned to respond unconditionally to American interests in the Latin American region.

The United States has made sure that Chamorro's government would remain weak, and the carefully measured aid has been used only to prevent a collapse. A weak government with no resources has difficulty resisting pressure from those who put it in power.

Both President Chamorro and Minister Lacayo have tried to take a position in keeping with national interests, and while accepting painful requirements in terms of economic policy, they have been responsible and realistic in trying to stand up to the U.S. policy of annihilating Sandinism.

For Washington, the Transition Agreement was an unpleasant surprise. The constancy of an army that stood up to them for years, driven not so much by its military might as by a proudly inherited anti-imperialist vocation, has to have been viewed as a bad example for other countries in the region. When one adds some 41 percent of the population organized into a strong party with organizational skills and political experience, the possibility of establishing a government in Nicaragua that will serve U.S. interests unconditionally could become highly precarious.

What is more, the Americans are well aware that Chamorro's government cannot hang on without at least the tolerance of the FSLN. Any rapprochement and possibility of coexistence of the government and the FSLN must be viewed as dangerous to its interests. UNO has been unable to respond to Washington's pressure to become a consistent, dominant political force in the government.

The disciplined accommodation of Cesar, Godoy, and Aleman, designed to destabilize and even replace the government, is no more than a kind of chess game played by the United States in an attempt to checkmate the Chamorro government rather than reach a stable agreement with the FSLN that would strengthen it and necessarily mean the acceptance once and for all of the legitimacy of the FSLN's political strength and the permanent recognition of the basic conquests of the revolution.

We must not fall prey to American provocation and unwittingly hasten the crisis in government that could even lead to its precipitous collapse. Let us demand dignified positions in the face of pressure from Washington and even offer it support if it courageously stands firm.

Without neglecting domestic demands that we must require of the government, let us direct our main efforts toward making the Americans see that this country's sovereignty must be respected, irrespective of its government, since the latter does not belong to a handful of individuals in power, but rather, to all Nicaraguans.

It is well and good to extend our hand to the United States, but we must make sure it is taken with respect. We must be quite careful not to accompany it with medals or attitudes as we did at The Hague. The United States has a tendency to view relations with poor countries as friendship combined with submission.

* Commentary Discusses FSLN 'Identity Crisis'

92CA0201C Managua BARRICADA in Spanish 11 Aug 92 p 9

[Article by Oscar Tellez]

[Text] When, on 21 February, a group of Sandinists commemorated another anniversary of General Sandino's assassination by publishing a document we titled "From Sandinism: Proposals for a National Program," we roused a major national debate through which, by virtue of a flood of accusations that later turned out to be groundless, an effort was made to stigmatize, exclude, and get rid of us.

It was an innovative plan because it meant an exercise in thought in a party where only the leadership had permission to think. It was innovative because it was an overall proposal from a group of Sandinists immersed in a party marked by a scattering of efforts. It was also innovative because we courageously pointed out errors and recognized the revolution's achievements.

However, it was innovative above all because we dared to distance ourselves absolutely from violence, to propose a fair solution to the problem of property, to back and promote respect for institutions, the law, the authorities, and so on. It was also innovative because of its great sense of social justice, the main foundation of our proposal.

Five months after our proposal, on 26 July, the Sandinist Assembly approved a document titled "Proposals of the FSLN for the Current Economic Situation and Government Policies." Five months after our proposal, acting through its highest organ between congresses, the Sandinist Assembly, the FSLN compiled all of our proposals into a document that has had no effect whatsoever on our national life either in terms of what it proposes or who proposes it.

I do not claim to analyze the major limitations of the document because they are many. Rather, I simply wish to state why the document is of no importance whatsoever.

After reading the proposal, I wondered how it was different from the one our group presented on 21 February. The problem resides in the fact that there is no real connection between what is said and what is done. There should also be

a connection between what this organ says and what its most prominent leaders say and do.

One does not have to be a political expert to realize the enormous difference between this proposal of the Sandinist Assembly and the speech we gave on 19 July at the celebration of the 13th anniversary of the people's Sandinist revolution.

There is also a vast difference between the rejection of the use of force and violence and the apology for the armed struggle in Nicaragua based on a long, exhaustive list of circumstances, so that the exception, violence, becomes the general rule and nonviolence the exception.

If part of the leadership distances itself so dramatically from the platform of its highest organ, whom are we to believe?

In the proposals of the Sandinist Assembly and certain leaders, we find negotiation, coordinated action, solutions for the problem of property, and respect for everything and everyone. And yet, in the speeches of others, we find only threats and violent language that constantly push Nicaraguan society to the brink of confrontation, anarchy, and war, which the Sandinist Assembly says the people reject.

If we take as our starting point the fact that we Sandinists ourselves are disconcerted, then we are forced to conclude that the bewilderment or incredulity of the rest of Nicaraguan society is even greater.

In order for our party's program to be credible, we must resolve the serious identity crisis that has us in a vicelike grip. If the FSLN does not debate freely and with absolute seriousness the main elements of this crisis, it will not be able to project a constructive, creative, and vigorous image to Nicaraguan society.

The FSLN must discuss its leadership and structural problems, its lack of political purpose, and its current integration into national life. Only by moving forward with this task and without hiding its face will it be able to turn this crisis into a crisis of growth.

* Strategies, Goals of 'Rightists' Explained

92CA0205A Managua BARRICADA in Spanish 14, 15 Aug 92 p 11

[Article by Oscar Rene Vargas]

[14 Aug p 11]

[Text] To keep up with the constant changes in Nicaraguan politics, it is necessary to be familiar with the positions of five leading figures who represent different political currents and who hold important offices in the Nicaraguan political sphere.

From left to right they are: Daniel Ortega Saavedra, general secretary of the Sandinist National Liberation Front (FSLN); Humberto Ortega Saavedra, commander of the Army; Antonio Lacayo Oyanguren, minister of the presidency, with functions similar to those of a prime minister; Alfredo Cesar Aguirre, president of the National Assembly; and Virgilio Godoy Reyes, vice president of the Republic of Nicaragua.

The five individuals mentioned above make up the musical staff of Nicaraguan politics. The key in which the music is written depends on who is calling the tune at a given moment in politics. In other words, these leaders have a decisive impact on the rhythms and oscillations that will either stabilize or destabilize Nicaraguan society.

The signing of the Transition Accords in March 1990 established a power structure based on the alliance among Humberto Ortega, Antonio Lacayo, and Alfredo Cesar. In this alliance, Antonio Lacayo was at the apex of power.

The election of Alfredo Cesar as president of the National Assembly in January 1991 was interpreted as the consolidation of the power structure set up by the Transition Accords. Since March 1991, however, when Cesar was installed as president of the Assembly, he has tried to make use of his two-year term to create the political conditions that will enable him to shift the apex of power from Antonio Lacayo to himself.

Power Struggle

The main political, social, and economic characteristics that have set the tone for the last four months (April, May, June, and July 1992) are:

1. More intensive confrontation between Antonio Lacayo and Alfredo Cesar. Because he has only five months to go in his effective term as president of the National Assembly (from August to December 1992), Alfredo Cesar launched a general political offensive this past April against the current occupant of the apex of power in Nicaragua, Antonio Lacayo. The offensive of Alfredo Cesar and his allies is designed to weaken the following elements of the Chamorro administration's policy:

- Blocking the economic aid approved by the United States, with the support of the most conservative sectors in the U.S. Congress, in order to create uncertainty about the fulfillment of the economic plan and to give national and foreign capitalists the impression that Nicaragua is a "high-risk" country for their investments. With no investment, unemployment would rise, and the risks of social and political mobilizations would increase.
- Filing corruption charges against government officials, in collaboration with members of Alfredo Cesar's political party who hold high office in the public administration thanks to the initial alliance between Alfredo Cesar and Antonio Lacayo.

Cesar has tried to implicate the minister of the presidency in the misappropriation of government funds. His political objective is to discredit Lacayo so that, with the

help of the American political right, he can pressure Mrs. Chamorro to appoint a new prime minister in her cabinet.

The Cesar-Aleman-Godoy Troika

If Mrs. Chamorro should resign along with Antonio Lacayo, as she has said she would on several occasions, Vice President Virgilio Godoy has expressed a willingness to assume the Presidency of Nicaragua, which would mean a drastic change in the current power structure.

- This new power structure would cause a shift to the right (based on the alliance of Godoy, Aleman, and Cesar), the removal of Gen. Ortega as commander of the Army, the political annihilation of Antonio Lacayo, and a right-wing social offensive against the cooperative, communal, and union movement. All of this would serve to restore the old, oligarchic power structure. The objective is to create a political power structure based on the counter-revolution, that is, a Somozism without Somoza.

2. An alliance among the different forces of the right represented by Alfredo Cesar, Virgilio Godoy, and Arnoldo Aleman. This alliance has received firm support from the leadership of the Higher Council of Private Enterprise (Cosep), and partial support from the hierarchy of the Catholic Church.

3. A direct assault by the right and by the United States on the commander of the Army and high-ranking police officials.

4. The lack of a social program to benefit the most impoverished sectors of the population and the FSLN political leadership's failure to devise a strategy for dealing with the government.

5. General deterioration of the economic, political, and social situation in the country. The lack of economic recovery is manifested in the following statistics:

- In 1992, credit fell considerably behind. Of the 539 million cordobas in net credit scheduled for disbursement in the first six months of the year, only 27 percent (143.2 million cordobas) was actually paid.

Shift to the Right

- While in 1991, financing had been requested for 369,880 manzanas in short- and long-term credit, credit applications in the first half of 1992 covered a mere 197,740 manzanas, a decline of 46.5 percent compared with the first half of 1991.
- The financing of products for domestic consumption fell by 72.3 percent. For example, financing for planting corn and beans shrank by 84 percent compared to the first half of 1991.
- As of June 1992, the average nominal wage at the national level covered 75.88 percent of a basic basket of goods. In January 1991, it covered 83.35 percent, which means that there has been an 8.96-percent decline in the last 18 months.

6. A rightward shift of the political axis in Nicaraguan society, as evidenced by the fact that the most right-wing forces in the country have the political initiative.

7. More political belligerence on the part of the most right-wing sectors of the Catholic Church. This can be seen in the open use of pulpits to oppose the alliance policy pursued by the minister of the presidency.

8. A relative decrease in social mobilizations in comparison with the months of January, February, and March 1992: recompas [former Sandinist People's Army soldiers], recontras [former contras], revueltos [mixed group of recontras and recompas], women of the Nora Astorga de Ocotal Front, etc.

[15 Aug p 9]

The pace of political developments in Nicaragua will be determined by two key dates: the presidential election in the United States (November 1992) and the end of Alfredo Cesar's term as president of the National Assembly of Nicaragua (December 1992). Both dates are critical to the most conservative sectors on the American political spectrum, who are seeking to accelerate the rate and speed of political events in our country so that they can politically destroy Antonio Lacayo, who is currently at the apex of political power structure in the Nicaraguan Government.

To achieve this objective, the tactics of the right and the extreme right will focus on the following courses of action during the next five months:

1. Their principal move will be the **political elimination of Antonio Lacayo.** To accomplish this goal, they are willing to pursue their accusations of corruption. It is from that perspective that we must view the charges filed in the courts by the bar association on 12 August 1992 against Lacayo, the deputies of the "center," and other government officials. This amounts to a political trial aimed at destroying the national political structure of the Transition Accords.

2. The AVA Group (Arnoldo, Virgilio, and Alfredo) may try to find a way to introduce legislation in the National Assembly to **reform the Military Law** and exert pressure through the budget law to force troop cutbacks in the Army.

They will try to find a way to show that Antonio Lacayo's policy favors the Sandinists. They do not care that any sudden change in the country's current political structure will only serve to institutionalize social violence and political instability, which will not create a propitious climate for the capital investments they claim to be promoting with their current plan to politically destabilize Mrs. Chamorro.

3. The policy of the right and the extreme right is not the actual suppression of the Army, just **the suppression of this army** by another army that would make it possible to repress the social movement, in any of its variants. The next step would be to establish a strong regime, very similar to

Somoza's, but without the discrediting of the individual who managed to galvanize against him the entire popular movement that led to the triumph of the revolution.

Cumulative Weaknesses

To attain their objective of attacking the military, the forces of the right have turned their propaganda against the Army, aiming all of their batteries at its current commander. Under the present conditions, keeping General Ortega as head of the armed institution facilitates the work of the right and weakens the institution, because in the eyes of the public, it justifies the changes requested by the civilian movement that represents the most right-wing sectors in the country.

4. Trying to maintain the suspension of economic aid from the United States to Nicaragua. The amount of the aid is not as important as the political image that is projected when the aid is received or not received.

The AVA Group wants to convey the idea that they are the principal interlocutors with the Americans, and that Antonio Lacayo and his allies have fallen out of favor with them. The AVA Group's purpose is to convince the new financial groups that have sprung up around the private banks that the Cosep [Higher Council of Private Enterprise] does not represent them, and that they should support the new power structure proposed by the AVA Group. It appears that only the Mercantile Bank Group does not support current government policy.

The funds frozen by the United States ($116 million) amount to 15.36 percent of all the aid slated for 1992, $755 million.

5. Once again, **we must wait for the deputies of the National Opposition Union (UNO) to find a way to bring about new negotiations on property ownership**, supported by pressure from the U.S. Government and seizing the opportunity of the debate on the Budget Law in October 1992.

6. The fragility of the AVA Group's strategy lies in the weakness of the current U.S. Government. A Democratic victory in the elections of November 1992 will help them in their efforts to replace the minister of the presidency. The reelection of President Bush will not necessarily or automatically favor them, however. Once again, the presidential election in the United States is having a direct influence on national political developments.

* Commentary Supports Police Reform

92CA0208B Managua LA PRENSA in Spanish
25 Aug 92 p 14

[Commentary by Emigdio Quintero-Casco]

[Text] Reducing the size of the Army was one of the first measures adopted by Violeta Chamorro's democratic government. The reductions have taken place gradually, based on a schedule and marked by a number of dramatic, enigmatic, and tear-gassed incidents.

Inasmuch as any change produces crises, neuralgia, anguish, and trauma, the government has faced the following as the result of its decisions: strikes, protests, marches, acts of violence, exaggerated, unrealistic demands, inflexible positions on the part of those making them, riots, and so on. The government has fortunately demonstrated maturity, respect, political determination, tact, and a great capacity for bargaining using civilized methods such as dialogue, reasoning, persuasion, and so on.

Ever since Mrs. Chamorro's government took power on 25 April 1990, it has emphasized its interest in the professionalization of the police in order to make it a nonpartisan national institution that respects human rights. In addition, government officials have categorically denied that all of these changes and reductions are due to pressure and meddling from the United States.

Whether or not American aid is withheld, with or without strings attached, whether it suits gringos, martians, or Sandinists, the reduction of the Army and professionalization of the police were already included in Mrs. Chamorro's plans.

The trend throughout Central America, now that we have governments elected democratically by the will of the people, is to reduce our Armed Forces and professionalize the police. Minister of Government Alfredo Mendieta recently said that changes at the higher levels of the police would be based on three fundamental pillars: professionalization, subordination of the police to civilian authority, and respect for human rights. The image of the police will not change if transformations are not based on these fundamental, uncontroversial concepts.

Some out of touch persons believe that the professionalization of the police, in accordance with the terms announced by Mendieta, means a return to the Somozist police. The exact opposite is true because the police will be organized with a different role. Under Somoza, the Army and the police played a harmful role because they served spurious interests, oppressed the people, and defended an unjust system. Throughout the previous decade, the Army and police blindly obeyed whatever orders were given by the national leadership in order to maintain a political purpose with marked dictatorial tendencies.

Mrs. Chamorro's democratic government wants precisely the opposite: a nonpartisan, professional Army that respects human rights. In appearance as well as actual fact, the soldier must respect the law and civilian authority, defend the state of law, and be an exemplary individual from the civic standpoint.

Mendieta says this entire transformation is aimed at the creation of a police force that will protect the people in general, stability, public order, and peace. We want a police force with a human face and a different way of thinking, in reality as well as in appearance.

Professionalization of the police will not take place with Yankee or Russian or Cuban money, but rather, with

Spanish money. A year ago, Spain gave the government $5 million to professionalize the police and help reduce the size of the Army, which dropped from 80,000 soldiers to 18,500 permanent troops in only two years.

The modern soldier, the soldier of democracy, one trained in freedom and peace, is more aware of his responsibilities, duties and rights, his acts, the value of the individual and life. This soldier will always refuse to be an accomplice of adventurers and warmongers. He will be the friend of man, of life, freedom and peace.

The new police must be trained within a framework of education for peace, nonviolence, and freedom.

Along this same line of ideas, we are happy to know that a "Civic Chair" was recently established within the Ministry of Government for the purpose of dealing with issues affecting the civic training of police agencies, emphasizing knowledge and interpretation of and respect for our country's laws. Human rights activists, diplomats, and religious and political leaders have described this civic program as vital and important to the change in mentality of the National Police.

Before, the soldier was a soldier of war, a defender of an unjust system, a symbol of oppression. If the war has ended, then the wartime soldier must also disappear to make room for a police force that will respect human rights, laws, and man's fundamental freedoms.

In his work, "The Crime of War," Juan Bautista Alberdi says: "There is a soldier who is nobler and finer than the soldier of war; he is the soldier of peace. I would say that he is the only dignified, glorious soldier. If the beautiful, beloved illusion of all noble hearts, of universal, lasting peace, should become a reality, then the soldier's condition would be precisely that of the soldier of peace."

We share Alberdi's thought and support the transformation of the police because we are living in a new reality: democratic society.

* Crisis Requires Cooperation, Not Demands

92CA0208A Managua LA PRENSA in Spanish 27 Aug 92 p 14

[Commentary by Jose Davila Membreno]

[Text] Nicaragua is clearly going through a difficult time on its road to economic recovery and national reconstruction: frozen American aid, lagging growth in investments, intense party flag waving, the government's struggle not to let its arm be twisted, a serious social crisis and, what is worse, the people caught up in frustration.

In the face of this situation, many have reviewed their own personal and partisan demands, but most sectors have come out for one solution: a national dialogue.

The truth is that when one thinks about a national dialogue, all society thinks it is hearing a broken record, a scheme by politicians and the government to derive certain advantages and regain a certain level of stability.

Somoza and Ortega discredited national dialogue as an instrument for solving the crisis. They reaped political advantages and passed on rewards to their partners. The latter were happy, but society continued to bear the burden of deepseated problems and the people remained stuck in the same situation.

Our country's situation requires a different dialogue. Let us not continue to play with the future of this nation; let us not continue to fight over a bone when the meat is already gone. Let us put ourselves back into our wretched context and think about Nicaragua for a moment.

That is why it is of the greatest urgency to propose a national dialogue, not like other traditional national dialogues which aim only only at resolving the form rather than the substance of problems. They are mere concessions to convenience and patch our crisis only provisionally.

Our country needs a new concept of national dialogue, a dialogue for the nation, a dialogue for Nicaragua.

This involves an innovative element: Let it be a dialogue in which the notepads of the sectors involved (and it must be all of them, political, social, economic, and unorganized) are not all filled with demands and lists of personal or partisan needs, but rather, with areas in which "concessions will be made" for the benefit of society and the people in general.

Society continues to be polarized and the demands of one sector are generally precisely those which the other sector is not willing to meet. Many here want "all or nothing," and many of us stubbornly insist that our proposal is the correct one, while all the others are "lost." In short, we all want "to get something" out of the government or whomever it may be, but we are not willing to give anything to anyone.

Let us each lower our level of demands so that what all of us gain will benefit society, stability, and the startup of the reconstruction of Nicaragua.

The Sandinists should be ready to moderate their proposals, to be willing to give up 20 percent of what they would like, to come ready to surrender a few of their duties if it serves the nation. Let the radical UNO [National Opposition Union] politicians come ready to ask for a little less than what they want to see, not because they cannot achieve everything in the long run, but rather, because it is impossible to achieve everything in the short run.

Let the businessmen come in a more flexible mood, aspiring to a smaller piece of the pie than they had imagined. Let the trade unionists be more moderate and give up checkmating the government at every turn. Let the unemployed bring whatever proposals they can think up in order to relieve their misery somewhat. And let the government come with proposals that in some way satisfy the politicians and the aspirations of the people.

Let everything that we give up benefit stability and society as such, without it necessarily being to the specific benefit of any given sector.

If we all yield and, instead of only taking to the dialogue demands made on the government or others, make concessions for the good of Nicaragua, other countries will see that we are maturing and also yield. Jesse Helms can also lower his demands by 20 percent!

Such a dialogue would be of great benefit to the country and very probably enjoy the support of the Church, which would be the great beneficiary of these sincere efforts truly made for our nation and its future.

Never let us forget that our problems will take a long time to resolve, that just removing first and last names will not automatically change our structures and mentality, and that our history is among the most complicated in the world. Above all, let us not forget that our country is being humbled and is wallowing in backwardness among the poorest countries on the American continent, a fate from which it must be rescued.

* Sandinist Youth, Social Issues Discussed

* Status of Organization

92CA0207A Managua EL NUEVO DIARIO in Spanish 22 Aug 92 p 6

[Text] With the conviction of a priest holding forth on the Trinity, Henry Petrie claims there are no principled persons or pragmatists in the Sandinist Youth (JS), while admitting that an answer is needed to the question, "What is a Sandinist youth?"

Sandinist Ideology

Henry says the Sandinist ideology prevails in the organization, although orthodox Marxist theoreticians deny that any such "ideology" exists with such a trait.

He also says there has been no erosion of what was once considered the younger political arm of the FSLN [Sandinist National Liberation Front]. Now, on the eve of the 13th anniversary of the founding of the Sandinist Youth on 23 August, he says the Youth cannot be viewed as "a crucible of cadres" for the Front.

CNA Anniversary

Only a few days before the commemoration of one of the youth organization's finest accomplishments, the National Literacy Crusade, Henry thinks young people have the freedom to choose whether or not they want the FSLN as a political career. In other words, a young person will not necessarily move into the structures of the opposition party just because he belongs to the JS.

Following the election defeat, the JS faced a campaign of discreditation among many sectors. It was blamed for its connection with the SMP [Patriotic Military Service] and for mobilization campaigns that kept young people far from their homes for two or three months.

Situation Corrected

However, that situation has been corrected and, in place of the opportunistic rough drafts and clean slates so much in vogue today, the JS has retained as part of its history the times "we lived as an organization, the most important tasks of that era." The organization has expanded its rank and file and although the JS banner was nowhere to be seen in the recent university struggles, Henry claims "our JS leaders and young people were there, leading the way."

In the Field

The JS is also in the field. New areas of struggle are now occupied by the new generation: young people prominent in ecology brigades, the fight against cholera, and so on.

Has there truly been an erosion after the ten years of Sandinist government? Henry claims that in a way, what happened with the election defeat could be viewed as such. There was a demobilizing effect and the desertion of some members came to be considered as part of the routine of any defeated party.

That February

After "that" February, "we have been regrouping," he says. The renewal is putting down roots and the fresh air of a new generation of young people whose age prevented them from being involved in the literacy crusade seems to be fueling the organization's new leaps forward with better prospects.

To unite "patriotic Nicaraguan young people" without political labels is the task. "We want to influence and win leadership in the universities and high schools, in culture, the sports movement, and so on," he says.

Discussions

He stresses that rather than discussions of pragmatists and radicals, what is taking place in the JS is broad, necessary, wide-ranging discussions.

"If these two years have served any purpose at all, it is that they have achieved a consensus on projects promoted by the organization and the fight for the demands of young people," he says.

Concerning its relationship with the FSLN, he says the Youth has expressed its interests at the Sandinist Assembly and that what is needed is a better definition of the relationship between the party and the JS.

Exchanging Views

"We do exchange views and engage in analyses" with the national leadership. "It is not a relationship based on giving and taking orders."

He noted that if there is agreement on an issue, fine, but if there are differences, the national leadership acts respectfully.

* Major Concerns for Youth

92CA0207B Managua BARRICADA in Spanish 25 Aug 92 p 9

[Article by Henry A. Petrie B.]

[Text] As part of the political process of the Sixth National Assembly of Sandinist Youth, it is of primary importance that interested groups and individuals be able to express their views about Nicaraguan youth.

In a young society such as our own, we should be far more concerned and work conscientiously (it is democratic to do so) for the future of the majority population of this country (young people and children), for their demands, and for the creation of the conditions they need to grow and develop as active benefactors of our nation. Otherwise, we shall witness a gradual process of social decline and generational resentment.

The following are a few of the political conclusions reached by the National Sandinist Youth Committee at its December 1991 evaluation session:

1—The economic and social problems besetting Nicaragua are hitting young people particularly hard in terms of their growth, development, and future options, which are ever more limited. The neoliberal model being imposed is gradually establishing political and ideological patterns not in keeping with the interests of the revolution.

2—Social decline is advancing at an alarming rate and is particularly reflected among young people, who are not only dragged along, but increasingly isolated from an attitude of confronting actual reality, splintered, scattered, and deprived of any feeling of social and political commitment.

Maturing Concepts

3—One observes among young people a rising indifference to the problems of Nicaraguan society and forms of social and political organization. An individualistic feeling and approach to confronting and resolving problems, needs, and demands has grown.

4—Social evils affecting young people and children can be identified in unemployment, decreasing access to education, an alarming increase in drug trafficking and consumption, a considerable increase in delinquency, increasing harassment of young women, and a narrowing of their possibilities of development and alternatives.

5—The level of social and political awareness has reached the crisis stage. Mobilization for facing the situation of young people is very poor. Youth political organizations have a negative image and are viewed as unreliable.

6—There is increasing isolation and an accelerated social decline of young people and the Atlantic Coast population.

Sandinist Youth have experienced a youth-oriented political purpose reflecting the interests and aspirations of most young people. In that sense, the maturation of concepts of work, quantitative growth, a confirmation of their causes, forms, and mechanisms of struggle based on our social reality and development have formed the central pillars of our work.

Following a difficult period, which some continue to call "mourning," we have had an overabundance of detractors and it is possible to count on the fingers of one hand those who, concerned about the future of Sandinism, have not only consented to be advisers, but a valuable rearguard as well.

We Sandinists in general must seriously debate the situation of Nicaraguan youth in order to gradually define the political-youth purpose that is most ideally suited to strengthen the continuity of the historic struggle of Sandinism.

Panama

Former Military Reportedly Behind Bomb Attacks

PA2209164492 Panama City LA PRENSA in Spanish 21 Sep 92 p 1

[Text] A security intelligence report has revealed that the 18 September bomb attacks were planned by a group of former military personnel at a meeting held in Santa Marta, Chiriqui Province. The former military personnel who attended the meeting included Jorge Bernal, Carlos Saldana, Asuncion Gaytan, and Evidelio Quiel, all fugitives from justice.

According to the report that LA PRENSA was able to obtain, the meeting was held in mid-August and the former soldiers agreed to begin their operations in September and continue them until close to the referendum date, which is to be held on 15 November.

Former officers German Gonzalez Pitti, Alexis Aparicio, and other former members of the Panama's extinct defense forces, also attended the meeting.

A source linked to the ongoing investigations has reported that the former military personnel agreed to attack stores and banks to obtain funds, to attack strategic installations, and to sabotage the Institute of Hydraulic Resources and Electrification's (IRHE) high-tension towers.

All the people recruited to form the current terrorist group were members of the former Defense Forces' Special Antiterrorist Service Unit and the Macho de Monte Brigade.

The source indicated that security organizations began to investigate when cases of dynamite were stolen at the

IRHE Fortuna Hydroelectric Project in Los Planes, Gualaca, Chiriqui Province, in mid-August. The security organizations also investigated the loss of several cases of dynamite at explosive deposits located in Algarrobos (Chiriqui) and Cerro Tigre (Tinajita, Panama).

According to the source, the dynamite theft at the Fortuna Project is being investigated by Chiriqui Province Governor Edgar de Puy.

The source also reported that Bernal's presence in Costa Rica had first been mentioned at a Security Council meeting held in early August. It was also reported that Bernal, Gaytan, and Olmedo Riggs had entered Panamanian territory several times.

The source added that several officials in Panamanian security organizations knew that attacks had been scheduled.

With regard to the 18 September attacks, the source indicated that approximately 15 people participated in placing the explosives. It was also reported that the Plaza Porras area had been painted with anti-U.S. slogans but those were cleaned off early in the morning.

The source explained that long before the 1989 invasion, General Omar Torrijos and later Manuel A. Noriega, formed and maintained a secret group in the Defense Forces called the Organization for the Liberation of Panama (OLP.)

The OLP was to be used as a contingency program in case of a change of power promoted by the U.S. Southern Command.

"As the invasion did occur, the officers in the OLP started to implement the contigency scheme immediately after the U.S. military intervention," the source added.

A group called the White Hand also exists, according to the source. It is headed by Alexis Aparicio, who recently escaped from the David jail where he was held under arrest on theft charges.

The two groups have been trained with the Carlos Marighella Urban Guerrilla Manual, the source added. Marighella was a Brazilian leader of a terrorist organization until his death in 1969.

His terrorist technique consists of carrying out an aggressive psychological war by first attacking strategic targets to report the group's names and goal to the people. The source added that the Marighella-trained organizations in Panama are in the first phase of their program.

The second phase is to announce their demands to get the people's support. During the latter phase, the terrorists will attack any type of installations or personalities.

During the third and final phase, the terrorists will act openly against the government in an attempt to topple it with the people's support.

Argentina

Di Tella Addresses UNGA, Supports Integration

PY2209171692 Buenos Aires TELAM in Spanish 1848 GMT 21 Sep 92

[Report by unidentified special correspondent]

[Text] United Nations, 21 Sep (TELAM)—The Argentine Government today "strongly" rejected the British unilateral decision to prospect for oil in the South Atlantic, stating that "this imprudent step" by the United Kingdom affects bilateral relations and the search for "imaginative and pragmatic formulas" to solve the conflict over the Malvinas Islands.

This strong protest was made today by Argentine Foreign Minister Guido Di Tella in his speech to the UN General Assembly [UNGA] during a political debate in which 174 delegates delivered speeches.

Di Tella advocated the efforts in support of hemispheric integration. He noted the importance of Mercosur [Common Market of the South], and praised the free commerce trade signed by the United States, Mexico, and Canada.

He stressed the full normalization of the diplomatic relations between Argentina and the United Kingdom, adding that the increasing bilateral economic and commercial links have "greatly contributed" to stabilizing the situation in the hemisphere.

Di Tella stated that "the dispute over the sovereignty of the Malvinas, Georgias, and South Sandwich Islands persists." He said: "Today I reaffirm Argentina's sovereign rights to these territories and their maritime areas. The permanent defense and reaffirmation of these irrevocable rights is a key point of the Argentine foreign policy."

Therefore, he said: "Argentina strongly rejects the British Government's recent unilateral decision to prospect for oil."

He said that the Argentine objection has been conveyed to the British Government and to the appropriate enterprises. He added that "this imprudent step by the United Kingdom hinders the possibility for a concrete cooperation in the South Atlantic, and does not help to strengthen the good bilateral relations the two governments seek to establish."

Di Tella said that this attitude "discourages our willingness to promote imaginative and pragmatic formulas to stimulate cooperation in the South Atlantic, without harming our irrevocable rights."

He noted that cooperation "benefits all those who live in the South Atlantic, including the Malvinas Islands."

He said: "The Argentine and British Governments should make every effort to meet this objective."

Di Tella said that the Argentine Government's foreign policy seeks to promote our decision to competitively join the world economy. For this reason Mercosur has become the "center of our action in Latin America."

He added that the trade and investment accord, known as "Four Plus Three," which was reached with the United States, proves that the ideas of the Mercosur and the "Americas Initiative" promoted by President George Bush "are fully compatible."

He stated that the Mercosur seeks to create a stable external framework for the economic growth of the four countries "through the establishment of a collective economic discipline freely agreed by all parties."

Di Tella added: "This idea is characterized by a great realism of our possibilities and limitations."

Mercosur will not be an economic fortress but it will allow its members to be more competitive at the international level.

Di Tella stressed that Argentina hopes that the establishment of large economic blocs will promote more efficient and more free international trade and "not the establishment of larger areas in which to legalize protectionism or to disguise obvious protectionist practices."

Argentina needs and prefers to bet on the sincerity of the proposals declared in the Uruguay Round of the GATT and those upheld within the Americas Initiative. This is the basis of the Asuncion Treaty which defines the Mercosur.

The foreign minister said that there is "justified concern" over the way in which the most powerful economies interpret an open market "because they promote open markets only in those areas in which their countries are competitive or in which they can influence international prices."

Di Tella said that some of these concepts are included in the Agriculture Chapter and in other decisions that have stagnated the discussion of the Uruguay Round of the GATT.

He said that it is precisely in the agricultural area that leaders of these powerful economies have not shown courage or an inclination "to end production and trade subsidies which total over $300 billion per year and which have distorted international markets and contributed to the deterioration of the environment."

The foreign minister said that some of their decisions show a greater interest in resolving domestic policy difficulties of an anecdotal nature rather than avoiding isolationism and a trade war.

Di Tella said this is a good opportunity to "confirm our great satisfaction over the political agreements achieved by Canada, the United States, and Mexico on the establishment of a free trade zone."

Di Tella stated that he hopes this agreement will be one of the main components of the vaster area contemplated in the Americas Initiative: To make the hemisphere into one, single, great market.

He said: "During this process, we are concerned about the numerous legislative tests which tend to block the access of developing countries to the different international markets."

He later reasserted Argentina's commitment to defend human rights.

He added that despite progress in this area, human rights problems persist in the Americas. He stated that in the last two UN Human Rights Commission's sessions, Argentina has expressed its position on Cuba.

He said that Argentina at all times has expressed its hope that political and economic reforms will occur in Cuba so that it may be fully inserted into the concert of democratic and pluralist countries.

He stressed that this desire is expressed "as a fraternal hope and not with the intention of meddling" in Cuban affairs.

The foreign minister also said that Argentina has condemned the coup d'etat in Haiti and that it supports the OAS decision in this regard. He added that it also supports all efforts to achieve a rapprochement between the parties involved.

Referring to Peru as "our sister nation in the Pacific", Di Tella said that this country continues to experience serious problems in its development and its progress to restore "an urgent, balanced, and fully representative democracy. Narcotrafficking and a bloody nihilistic terrorism are devastating Peruvian soil and the Peruvian people are paying a high cost for this struggle."

Di Tella noted Argentine solidarity and that of neighboring countries in the constituent elections that were held in Peru on 22 November.

Finally, Di Tella said that the United Nations is fulfilling the preponderant role with which it was entrusted in 1945. Progress is being achieved toward consolidating UN principles amidst the "expected hope" that during the last years of this century we will be able to strengthen "the ecumenical respect for the letter and the spirit of the charter which presupposes the success of good sense, solidarity, and justice."

Speech Shows 'Hardening' of Falklands Position

PY2209234992 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1549 GMT 22 Sep 92

[Text] Buenos Aires, 22 Sep (NA)—Foreign Minister Guido Di Tella said today that the Argentine Government felt "disappointed" by the United Kingdom's unilateral decision to allow Kelpers [Falklands Islanders] to begin prospecting for oil in the Malvinas Islands' territorial sea.

The minister, who in his speech to the UN General Assembly yesterday termed the British resolution "imprudent," explained that Argentina will address "all oil-prospecting businessmen" who buy the documents for submitting offers for prospecting for oil around the islands, to notify them of "the legal status" in order to achieve "a certainly persuasive effect."

Speaking at the United Nations, Di Tella yesterday rejected the British decision, thus reflecting a hardening of the Argentine position on the sovereignty dispute over the archipelago after the war the two countries waged in 1982.

Also at the United Nations, the British representative rejected the Argentine accusation, and emphasized that his country "has no doubts" about British sovereignty over the islands.

In a statement to a Buenos Aires radio station, Di Tella explained that the text of the speech that he delivered at the United Nations, in which he said the British decision was "imprudent," "was delivered (to the British representative) shortly before" the session's beginning.

"We thought that courtesy and firmness do not exclude each other," he said.

In this regard, he said that "we expected the word 'imprudent' to awaken a reaction," adding that "we had expected" the use of the right of rebuttal by the British representative "but we wanted to be more aseptic."

He said that at the UN forum, "it was made very clear that there is an Argentine will" on the subject, although he explained that "we feel disappointed and we reject what has happened."

As for the British decision to authorize the Kelpers to prospect for oil in Malvinas Islands' territorial waters, Di Tella said that "there are no chances for making progress" on the subject "unless a political solution" is reached beforehand.

"No investments of billions or hundreds of millions of dollars will be made in zones that are in dispute," he said.

He added that at the beginning "it will be possible to prospect for oil, with difficulties, but in future stages negotiations will be inevitable if oil is found" in the waters surrounding the archipelago.

He noted that on this subject "there has been no agreement at all," adding that "the stalemate did not begin a few months ago but more than a century ago."

"I believe it is important that Argentina has adopted a clear position, thus preventing possible confusion—if we want to have good relations, like the good commercial, economic, and financial relations we have," he said.

He added that Great Britain informed the Argentine delegation of its unilateral decision "the day before," noting in this regard that "it is not enough to provide information a few hours before it appears in the papers."

He said: "We had just held negotiations over cooperation in oil areas, negotiations that were not over. Despite the lack of good prospects, more meetings were scheduled because the talks were not over."

Di Tella said that "in Great Britain there is a soft line and a hard line" on the Malvinas issue, noting that "there is a different and broader position on the part of the foreign secretary (Douglas Hurd) and assistant foreign secretary (Tristan Garel Jones)."

Argentine Ambassador to Great Britain Mario Campora said the British groups that want to invest in our country "will make an effort to maintain, look after, and promote relations" between the two countries.

The ambassador said British investors are "particularly" interested in the privatization of the State Gas Corporation, the National Sanitary Works, and the state power enterprise.

In statements to a radio station, Campora said that the Argentine position demanding sovereignty over the Malvinas Islands "remains clear and firm," adding that bilateral relations "can grow and expand, but within this policy."

Campora concluded by saying that in Argentina, British groups were awarded "major financial and technical advisory contracts in the gas, electric power, and sanitary works areas, and they are very interested in relations" between the two countries.

Sale of Nuclear Reactor to Egypt Confirmed

PY2209150092 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2232 GMT 21 Sep 92

[Text] Buenos Aires, 21 Sep (NA)—The National Commission for Atomic Energy [CNEA] today officially confirmed the sale of a nuclear reactor to Egypt. The reactor will be installed in Inshas with the participation of specialized personnel of that country and the local industry.

The contract was signed on 19 September by Muhammad Mahir Abazah, the Egyptian electricity and energy minister, and Argentine Ambassador to Egypt Jorge de Belaustegui.

The CNEA communique states that the experimental reactor will be basically used for nuclear medicine, material radiation, basic scientific research, atom technology, and personnel training.

The communique highlights the excellent relations between the two countries and between their Presidents Carlos Menem and Husni Mubarak who helped the deal involving the Argentine nuclear reactor, overcoming offers from developed countries.

[Words indistinct] the National Commission for Control of Sensitive [words indistinct] and War Materiel provided the license for the sale of the reactor, obtaining a guarantee that all installations related to the contract will be used exclusively for peaceful means.

The reactor will also be covered by the current safeguards agreement existing between the IAEA [International Atomic Energy Agency] and the Egyptian Government.

Rio Negro Provincial Governor Horacio Massaccesi and Carlos Soria and Carlos Machado, both national deputies of that province, went to Egypt for the signing of the agreement.

Cavallo Announces Successful Debt Renegotiation

PY2209204592 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1252 GMT 22 Sep 92

[Text] Washington, 22 Sep (NA)—Economy Minister Domingo Cavallo announced here today that the committee of creditor banks have agreed to restructure Argentina's debt placing 35 percent of it in debt bonds at a discount and the remaining 65 percent in debt bonds at face value. This falls within the framework of the Brady Plan.

Cavallo made the announcement during a breakfast organized by the magazine GLOBAL FINANCE and the Merchant Bankers [preceding organizations given in English].

Cavallo said that last night he met with representatives of the committee of creditor banks during which delegates agreed with the options menu presented by Argentina.

The "new" debt has thus been restructured, placing 35 percent of it in bonds at a discount—with a 35 percent pardon on the capital and floating interest rates—and 65 percent in bonds at face value, without a pardon and a progressively increasing interest rate from 4 to 6 percent.

Electoral Board Rejects Minister's Request

PY2209144292 Buenos Aires TELAM in Spanish 0026 GMT 22 Sep 92

[Excerpts] Buenos Aires, 21 Sep (TELAM)—The National Electoral Board has rejected a proposal submitted by Defense Minister Antonio Erman Gonzalez asking for the reversal of a decision by the Christian Democratic Party [PDC] to expel him from the party.

This decision comes on the heels of a decision by Judge Maria Servini de Cubria in a lower court to reject a request by PDC member Francisco Cerro which sought the reversal of another PDC decision to remove Cerro's name from the party's register.

Gonzalez's expulsion and the cancellation of Cerro's membership came from the PDC Court of Honor because the two men violated the PDC statute by accepting jobs in the government.

Gonzalez and Cerro questioned the jurisdiction of the PDC Court of Honor, the validity of the procedure to which they were subjected, and the reasons for the sanctions. [passage omitted]

Enrique Roca, one of the board members, said that Gonzalez's expulsion from the PDC is "pro forma" because Gonzalez joined the PJ [Justicialist Party] last April.

Chile's Pinochet Arrives Suddenly 'To Rest'

PY2309000092 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2122 GMT 22 Sep 92

[Text] Mendoza, 22 Sep (NA)—Chilean Army Commander in Chief General Augusto Pinochet arrived in this city suddenly today, and although he refused to give his opinion of the border conflict in the Continental Glaciers area, he said the region is "a Pandora's box because it is not known what is inside it."

"I am just a common military man. As to how it is resolved (the conflict), you will have to ask the foreign minister. I can neither be in favor nor against because I am a military man," he said in brief remarks he made when he arrived.

The surprise caused by Pinochet's arrival increased even more when it was observed that Pinochet was received in a downtown hotel by General Mario Candido Diaz, deputy commander in chief of the Argentine Army.

According to Diaz, Pinochet "has come to rest for a few days in Argentina."

Bolivia

President Paz Leaves for UN General Assembly

PY2209184892 La Paz Television Nacional Network in Spanish 1700 GMT 22 Sep 92

[Text] President Jaime Paz Zamora and his official delegation left today for the United States to attend the 47th UN General Assembly [UNGA]. He will return on 25 September.

Government Palace has announced that President Jaime Paz Zamora left Tarija for Santa Cruz where he will board an American Airlines direct flight to New York where he will arrive at about 2000. He is expected to return on 25 September.

This is the president's agenda for 23 and 24 September: On 23 September at 1230 he will attend a luncheon given by the UN Secretary General Butrus Butrus- Ghali for the participants of the assembly. He will hold a private meeting with Butrus-Ghali at 1500. He will deliver a speech at the UN General Assembly at 1530. He will then go to Washington where he will attend the ceremony for the delivery of textile products of Coroma and the (Chachapuma) monolith which is being recovered and has historic value for the country. The ceremony will be held at the residence of the Bolivian ambassador.

President Paz will meet with IDB [Inter-American Development Bank] President Enrique Iglesias at 1530, and then he will attend the ceremony launching the fund for the development of the Indian people of Latin America and the Caribbean.

No Links Between Local Subversives, Shining Path

PY2309025092 La Paz Television Nacional Network in Spanish 0030 GMT 23 Sep 92

[Text] Interior Under Secretary Marco Antonio Oviedo assured today that there is no tangible evidence of links between Peruvian terrorist groups and terrorist activities that have occurred in Bolivia. He added that Bolivian authorities always are investigating this possibility.

In the past few days, rumors have cropped up about the presence of Shining Path members in Bolivian territory, and about the possibility of the existence of direct links with terrorist groups in Bolivian territory.

Oviedo categorically denied this possibility. He said, however, that our borders are under constant patrol:

[Begin recording] We have said, and today we are emphatically reiterating, that there are neither political nor organic links between Peruvian subversive groups and the EGTK [Tupac Katari Guerrilla Army], a subversive movement that almost has been dismantled in Bolivia. We have found no serious proof or evidence of relations, even of a personal nature, between EGTK members and the subversive Peruvian movement. Neither have we found evidence of organic links. [end recording]

He reiterated that the reports that circulate on the subject are not supported by official information.

Brazil

Collor's Defense To Be Presented to Chamber

PY2209131092 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Sep 92

[Report by Antonia Marcia Vale]

[Text] The Presidency of the Republic will send President Fernando Collor's defense against the request for his impeachment to the Chamber of Deputies. This request was presented to the legislative branch by citizens Barbosa Lima Sobrinho and Marcelo Lavenere. The Legal Adviser's Office of the Presidency of the Republic has reported that it will send President Collor's defense to the Chamber of Deputies at 1900 [2200 GMT] tonight. Legal Adviser Gilmar Mendes and Collor's lawyer Jose Guilherme Villela are finishing the draft of his defense.

Gilmar Mendes has reported that the defense will be handed to Deputy Gastone Righi, who presides over the special committee in charge of studying the impeachment request. Mendes added that he will request further investigative procedures. He also wants access to the documents on which the Congressional Investigating Committee [CPI] based its work. Mendes said that if the CPI does not meet his request, he will file a new petition for injunction at the Federal Supreme Court to ensure President Fernando Collor's full right to defense.

Lawyers Submit Defense, Comment

PY2209235192 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 92

[Text] A short time ago, Planalto Palace submitted President Fernando Collor's defense against the impeachment process initiated in the Chamber of Deputies. We have a live relay by correspondent Luiz Augusto Mendonca from Planalto Palace.

[Begin relay] [Mendonca] Lawyer Gilmar Mendes, head of the presidential legal advisory office, and President Fernando Collor's private lawyer, Jose Guilherme Villela, submitted a short time ago at the Chamber of Deputies—through lawyer (Carlos Eduardo Lemos)—the president's defense against the request for impeachment.

At this time, the two lawyers are hosting a news conference in Planalto Palace.

Dr. Guilherme Villela, what are the foundations for President Collor's defense?

[Villela] In the first place, the argument that may be more interesting for you is that this accusation actually has been made on the basis of documents that have not yet been supplied. This is the first allegation. How can I make any defense if I do not know the documents on which the accusation is based?

[Unidentified reporter] [words indistinct]... on a second stage, when arriving at the Senate...?

[Villela, interrupting] It is not a second stage. The problem of a second stage has been cleverly created, because it is we who have claimed that the 1988 Constitution sets forth that the impeachment process should be decided by the Senate. We always supported this position in all of our statements. We said the impeachment process falls totally under the Senate. Now, the Chamber of Deputies—either in case of impeachment or trial for a common crime—should give previous authorization as a procedural standard both for impeachment or for trial for a common crime. This is what is being done now.

Now, what is the consequence of this authorization? If the Chamber of Deputies tomorrow grants this authorization, the process will begin in the Senate in 24 to 48 hours, and the president will be removed from his functions for at least 180 days.

I now will ask of you, is it possible to believe that a procedure leading to this consequence should be followed without giving the accused party the right of defense—while the Constitution guarantees the parties involved in any administrative or judicial trial the right to deny charges and the right to defense with all available resources? Is it possible to admit that?

[Mendonca] We heard the words of lawyer Villela, who asked the Chamber of Deputies to summon 20 witnesses, whose names appear in the president's defense, to be heard. Among the witnesses are former Minister Ozires Silva and former Economy Minister Zelia Cardoso. [end relay]

Cabinet To Resign En Masse on Eve of Vote

PY2209183892 Madrid EFE in Spanish 1718 GMT 22 Sep 92

[Excerpt] Brasilia, 22 Sep (EFE)—EFE today learned from official sources that Brazilian cabinet ministers and secretaries will resign en masse on the eve of the crucial Chamber of Deputies's vote on whether President Fernando Collor should be suspended from office.

If it is confirmed that the vote will take place on 29 September, the ministers and secretaries will tender their resignation to President Collor on Monday, 28 September. [passage omitted]

Rumor of Reshuffle Denied

PY2209235592 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 92

[Text] The Presidential Press Secretariat today denied a new cabinet reshuffle with the resignation of all ministers, except for the resignation of Social Action Minister Ricardo Fiuza. The secretariat reported that the solidarity agreement the cabinet signed with President Collor last month is still in force. The secretariat reported that the pact for governability will continue until the political situation is solved.

Minister Comments

PY2309001492 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 92

[Text] Speaking in Rio de Janeiro today, Mines and Energy Minister Pratini de Moraes reiterated that the ministers will resign only after the vote on the request for the impeachment of President Collor in the Chamber of Deputies.

Pratini de Moraes explained that the ministers have assumed a commitment to society to guarantee the functioning of the public administration. As soon as this commitment is over, we must be free or leave our posts, the minister said. He added that he is optimistic about the current Brazilian political situation because he has confidence in democracy and the three branches of government. He emphasized that at the end of the impeachment process in the Chamber of Deputies, all necessary explanations will be given to the country.

Social Action Minister's Replacement Announced

PY2309000892 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 92

[Text] Ricardo Fiuza will leave the post of social action minister tomorrow. He will retain the post of minister secretary general of government. Angelo Calmon de Sa will take over as social action minister. Calmon de Sa also will retain his post as regional development minister. This information was released late this afternoon by the Social Action Ministry's Press Office.

Daily Notes Government Forces 'Discouragement'

PY2209140092 Rio de Janeiro O GLOBO in Portuguese 21 Sep 92 p 2

[From the "Political Panorama" Column]

[Text] A wave of discouragement has swept over a good part of the PFL [Liberal Front Party], which still supports the government, and is spreading among other government allies just one week from the decisive vote on the process of impeachment. Four days ago, a list put together by Minister Ricardo Fiuza showed that 180 deputies supported President Collor. Since then the drive of Planalto Palace has lost momentum and begun to count the defectors and the negative reactions resulting from the increasingly hot political climate.

"The margin of votes in favor is very small and could evaporate at any time. The problem has also been aggravated by the heated political debate," an important government coordinator has said.

The signs of fatigue and exhaustion within the government are clear. The silence of leader Luiz Eduardo Magalhaes, who stayed away from the activities of the "shock troops" and who has not shown up at Planalto Palace for over a week, is now added to the discouragement and embarrassment of Minister Ricardo Fiuza over President Collor's expletives. Very few politicians would right now swear to support the government to the bitter end:

"If I wanted to, I could easily walk away. I need only resign from my post as government vice-leader" said Deputy Gastone Righi (PTB-SP) [Brazilian Workers Party-Sao Paulo], president of the special impeachment commission.

More on Testimony by Rosane Collor's Secretary

PY2209221492 Rio de Janeiro O GLOBO in Portuguese 22 Sep 92 p 1

[Text] During her testimony before Federal Police, Maria Izabel Teixeira, Rosane Collor's private secretary, confessed yesterday that the $965,000 (6.6 billion cruzeiros on the black market) she received from the EPC [Construction Investment Enterprise] and PC [Paulo Cesar Farias] scheme "ghosts" were used to pay for the first lady's personal expenses, work at the Casa da Dinda [the president's residence in Brasilia], and the purchase of some decorations for Paulo Cesar Farias' residence in Brasilia. Izabel admitted that the deposits were arranged by [President Fernando] Collor's [former] private secretary, Ana Acioli, and claimed that she just followed orders. Izabel was the first witness heard in the inquest investigating the president's involvement in influence peddling, in a proceeding separate from the one investigating PC Farias' activities.

Official Note Denies Report

PY2309023492 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 92

[Text] Maria Izabel Teixeira, Rosane Collor's private secretary, today denied that she told Federal Police she received deposits from ghost accounts to feed Mrs. Collor's account.

In an official note released by Planalto Palace, Maria Izabel stated that the money deposited in Mrs. Collor's account came from President Collor's secretary, Ana Acioli. Maria Izabel added that the deposited funds normally were used for paying the first lady's personal expenses.

New Details of 'PC Scheme' Found on Diskettes

PY2209235892 Rio de Janeiro O GLOBO in Portuguese 21 Sep 92 p 1

[Text] Investigations carried out with the computers seized by federal revenue agents from PC [Paulo Cesar] Farias' offices have revealed that in addition to influence peddling and receiving fees to favor companies in public biddings, the Collor campaign treasurer also was performing in other areas as well. The organizational structure of PC Farias' company recorded in the computer's memory showed that the "PC scheme" also was involved in the import and export of commodities [preceding word in English], supplying foodstuffs, and meddling in the administration of state companies' pension funds. In the seized diskettes, the Cotia Group, one of the largest companies in food production and marketing, appears to be involved in the "PC scheme." Although former Economy Minister Zelia Cardoso de Mello is not directly mentioned, PC's action in those areas involves two of her advisers: Carlos Moraes, former partner in the ZLC Consulting Company, and Sergio Nascimento, her former cabinet chief. According to Federal Revenue Office experts, PC also was involved in petroleum imports, in the supply of fuel, and in biddings on Petrobras [Brazilian Petroleum Corporation] projects, the alleged jurisdiction of former Strategic Affairs Secretary Pedro Paulo Leoni Ramos.

No Evidence Found on Tapping of Franco's Phone

PY2309024892 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 Sep 92

[Text] The telephones of the vice president's official residence were not tapped. This conclusion is included in a report submitted by a committee that investigated the alleged tapping of the phones in Itamar Franco's house.

The report says that experts did not find any indications leading to the conclusion that there was physical interception of telephone lines in distribution boxes, [word indistinct] or in the digital switchboard.

The committee included representatives of the military cabinets of the Presidency and the Vice Presidency, and a Minas Gerais telephone expert.

Presidential Press Under Secretary Amaury Mattos said that in April the presidential military cabinet offered to implement security measures at the vice president's residence. The offer was declined on the grounds that security at the vice president's official residence falls under the responsibility of the vice president's military cabinet.

Debt Renegotiation Accord Reached With Banks

PY2209215792 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Sep 92

[By Luiz Augusto Mendonca]

[Text] Brazil and the creditor banks signed in Washington a term-sheet [termo de compromisso] and the prerequisites for the renegotiation of the Brazilian debt.

The approval of the term-sheet that will allow Brazil to renegotiate its debt with the banks was reported by Economy Minister Marcilio Marques Moreira at IMF headquarters yesterday afternoon. The Brazilian debt with private banks totals $44 billion.

The commitment term now is being analyzed by Brazilian lawyers and then will be sent to the Senate for evaluation. Depending on the type of certificate to be used in the payment, the debt principal may have an immediate 35 percent discount and a 4 percent fixed interest rate in the first year. This will protect Brazil from market exchange rate fluctuations.

Chile

Names of New Cabinet Ministers Revealed

PY2309022792 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 23 Sep 92

[Text] The names of the four new members of President Patricio Aylwin's cabinet were revealed today. They will be sworn in either on 24 September or perhaps at the beginning of next week.

Despite the silence in La Moneda Palace about the cabinet changes, political sources revealed the names of the new ministers. Socialist Party [PS] Deputy Camilo Escalona told 24 Hours [this newscast] that PS President Jorge Arrate will replace Education Minister Ricardo Lagos. Arrate has been a professor at the University of Chile and the Catholic University, economic adviser to former President Salvador Allende, and executive chairman of Codelco [Copper Corporation]. He lived in exile after the military coup, and when he returned to Chile he played a relevant role in the PS renewal and unity process.

It also was learned that current Economy Under Secretary Jorge Marshall Rivera, from the PPD [Party for Democracy], will replace Economy Minister Carlos Ominami, who will become campaign leader for Ricardo Lagos. It also was learned that the other PPD member who will join the cabinet will be lawyer German Molina Valdivieso, current vice president of the Chilean Human Rights Committee, who will become the new transport minister and replace German Correa, who will run for PS president.

The other minister that will be sworn in by President Aylwin will be Alejandro Hales, independent, who will replace Juan Hamilton as mining minister. Hamilton will run for senator in the Fifth Region. Hales was mining minister during the administration of former President Eduardo Frei Montalva.

As it was learned in La Moneda Palace, the four ministers who have accompanied President Aylwin since 11 March 1990 officially will leave their posts during a cabinet change ceremony that will take place 24 September or next week.

Foreign Minister Addresses United Nations

PY2309023292 Santiago Radio Cooperativa Network in Spanish 2300 GMT 22 Sep 92

[Text] In his address to the 47th UN General Assembly this afternoon, Foreign Minister Enrique Silva Cimma made an appeal to turn the people's needs into the UN's priority goal by curbing poverty and increasing job opportunities, as well as promoting social harmony.

The Chilean foreign minister noted that despite the fact that unnecessary ideological confrontation between the superpowers have been overcome and also that the threat of nuclear holocaust has disappeared, world peace still is not guaranteed because conflicts caused by religious fanaticism, racism, and exacerbated nationalism still exist.

Silva Cimma called for coordinated and energetic actions designed to end the war in Bosnia and the serious violation of human rights caused by the armed conflict in the former Yugoslavia.

Silva Cimma noted that social confrontation caused by the growing gap between wealth and poverty is a new source of world instability and that today, more than ever, mankind has the duty to carry out so-called fair development.

Moreover, Silva Cimma proclaimed Chile's unwavering desire for peace, respect, and human dignity, as well as its support for justice, its belief in the universal principle of respect for human rights, and its respect for individual creativity and democracy as a form of government.

Chile, he said, strongly respects the UN Charter. There is no other forum for debate and international agreements than this world organization. Silva Cimma noted, however, that in addition to firmly supporting the role played

by this organization, Chile expects it to be efficient as well as democratic, and for this it must strengthen its secretariat and balance the actions of the General Assembly and the Security, Economic, and Social Councils.

Another subject raised by Silva Cimma referred to social development. He said that a new era of world peace, which is within reach, cannot be secured if the human being is neglected and welfare for all is not achieved.

In his General Assembly address, Silva Cimma said that, ultimately, the capacity to govern as the United Nations' raison d'etre will be measured according to the development achieved in the social field.

Pinochet: Army 'Never Again' To Stage Coup

PY2309031492 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 23 Sep 92

[Text] General Augusto Pinochet today at noon arrived in the city of Mendoza, Argentina, on a private visit. Despite being a vacation trip that will include other cities, Pinochet also will meet high-ranking Argentine officers.

In brief statements to the Argentine media, Pinochet said the Chilean Army never again will carry out a coup. He said the 1973 military intervention was due to a threat to national sovereignty. He said relations with the Aylwin administration are developing under normal conditions, within a framework of mutual understanding.

Lagos Opposes Pinochet Remaining Commander

PY2309031292 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 23 Sep 92

[Text] Education Minister Ricardo Lagos said he opposes General Augusto Pinochet remaining as Army commander. He made these statements just a few days before resigning as minister to run as candidate for president of the Republic.

Minister Lagos ruled out that his attendance at the reception held on 19 September by Gen. Pinochet for government authorities is part of a strategy to make the military and the Socialist Party move closer.

[Begin recording] [Lagos] No, I do not think there is such a strategy. I think that what happened is something normal within a democratic system, nothing else.

[Unidentified reporter] How was your meeting with Pinochet then?

[Lagos] Well, Gen. Pinochet is the Army commander and I am the education minister. We both are complying with our institutional roles.

[Reporter] What do you think of Gen. Pinochet nowadays?

[Lagos] The same thing I always thought of him and the same thing the country knows. I think history will judge his actions. I opposed his administration. I think that I did Chile some good by opposing him.

[Reporter] What do you think about Pinochet remaining as Army commander?

[Lagos] The country also knows my opinion about that. I agree with the president of the Republic, who, as soon as he was installed in power, asked Pinochet for his resignation. However, we have a very peculiar transition mechanism in which he is making use of a constitutional right. [end recording]

Arrests Leave MAPU-Lautaro Group Weakened

PY2209213192 Santiago EL MERCURIO in Spanish 30 Aug 92 pp A1, A15

[By Enrique Mujica]

[Text] The arrest of 89 MAPU [United Popular Action Movement]-Lautaro members from 11 March 1990 to July 1992 has dealt a terrible blow to the terrorist group, which has been leading subversive actions in Chile for almost 10 years. Five more MAPU-Lautaro members arrested this month should be added to the above figure.

Most of the terrorists currently are being held in custody. Judge Arnoldo Dreyse, who hears the leading case, has been studying MAPU-Lautaro's activities for almost five months.

Notwithstanding this, the subversive organization has not been stamped out yet. Marcelo Schilling, a member of the government's Public Security Coordinating Office, states: "We should not presume that MAPU-Lautaro is at its last gasp. One always must expect the worst from subversive organizations. One need only mention Senator Jaime Guzman's murder, which allegedly was perpetrated by three or four people."

MAPU-Lautaro's dossier kept by public security organizations is quite bulky: approximately 32 bank robberies and 81 retail outlet robberies, ranging from department stores to delivery trucks and even small shoe stores and butcher shops.

The Lautaro Group—made up of MAPU-Lautaro, the Lautaro Rebel and Popular Front (FRPL), and the Lautaro Youth Movement (MJL)—is Chile's most prolific subversive organization this decade. It is a "multiparty team" that will not relent in its use of violence, and that, in spite of being in dire straits, still takes the trouble to threaten to kill government officials and judges.

There are some indications that the MAPU-Lautaro group has been hard hit. This is seen not only in the statements of MAPU-Lautaro leader Guillermo Ossandon Canas, alias Diego Carvajal or Gustavo

Pizarro, but also in the actions perpetrated by the group. According to national security analysts, "a gasoline bomb cannot be compared to an ammonium gelignite bomb. Their unimportant actions reveal their current weakness."

According to Schilling, "the change of regime, the crumbling of communism, and the efficiency of the police" account for the shower of blows inflicted on Lautaro members.

Reports by public security organizations reveal the current status of the pieces of this terrorist machine: 32 MJL members arrested, 20 FRPL members in custody, and 24 detainees whose affiliation is still unknown.

Moreover, the group's leadership gradually is going downhill. The arrest of "masterminds" started when Victor Ojeda Pruffer—alias "Roberto," " Andres," or "Pepe," and member of the FRPL governing body and Central Committee—was taken into custody by Carabineros. Then the terrorist cell that murdered the prefect of Concepcion Investigative Police, Hector Sarmiento, was captured.

Another setback suffered by the terrorist group was the 9 January arrest of Bernardo Acevedo Lagos, a member of the Political Committee and chief of operations, logistics, and finance, known by the press as "El Mexicano," and called by eight other false names within the group. He has a long criminal record—more than 40 robberies in which he collected $285 million [amount as published] and attacks on security forces and police stations.

The following arrests were made on 6 March, which thus became a crucial date: Jaime Poblete Cortes, Ana Maria Sepulveda Sanhueza, Carlos Silva Duncan, and Victor Gonzalez Gonzales, all of them members of the Central Committee, the Political Committee, and the FRPL. Gonzalez was the FRPL leader who had taken over Acevedo's duties.

On 23 May, Investigative Police arrested Luis Fuentes Santibanez, chief of the northern area and Central Committee member. On 16 July, FRPL chief Ramon Escobar Diaz and Manuel Martinez Garces, in charge of logistics, were taken into custody.

According to public security sources, "only three or four FRPL members are left. As far as the Political Committee is concerned, it always has been made up of no more than seven members. They are new, inexperienced people who are prone to wrongdoing and who were appointed by Ossandon."

It is believed that Delfin Diaz, who apparently was in charge of the northern area in La Serena, has become the FRPL leader after Escobar Diaz's arrest. Oddly enough, he has the same name as a person who had been found dead hanging from a tree and who had been implicated in the murder of Alice Meyer.

Analysts describe him as "a man of action, not involved in politics, and very close to Ossandon." The police may be on Diaz' heels. It is not a mere coincidence that only 39 days elapsed from the moment the names of Silva Duncan and Gonzalez Gonzalez were first published by the press to their arrest, public security officials point out.

It is well known that the Lautaro Group is seeking to recruit supporters from Santiago's southern area, possibly in the same neighborhoods where they sprang up in 1983 after splintering off from the MAPU Group.

It also is known that they are trying to infiltrate Mapuche's groups, which currently are mobilizing in the Arauco region. There is evidence that Ossandon has been there with a group of people from Santiago, who joined MJL forces in Temuco.

The reason behind this is that they have to find new settlements because they are well aware that Concepcion is a dangerous area for them, because they have been purged from there. They are being brought to bay in the capital too. They are, nonetheless, coaxing certain young men—"ranging between 18 and 21 years old, and even younger," according to police sources—into joining the group. Generally, they are acquaintances from the neighborhood, former colleagues from other armed organizations, or relatives (it is common to find brothers in the groups). After indoctrination classes, military training is conducted on the streets by perpetrating minor attacks.

Analysts acknowledge that former Lautaro Group members who were either held in custody or who decided to reform must endure persecution and threats. They are no sooner released than other members send them letters or visit them personally.

There are outward signs that the MAPU-Lautaro is at its wit's end. Owing to the fact that they have lost their leaders, groups are starting to act on their own, without following orders from the Central Committee. Thus, they find it easy to commit petty crimes, robberies, and thefts to line their own pockets. Ossandon acknowledges in some letters that "the strategic capability" of the group he leads has been jeopardized, which according to Schilling is tantamount to "acknowledging that they are on the brink of being routed as a group."

Public security officials deem this a most dangerous situation because in the face of the police offensive "these budding terrorists may perpetrate bloody and brutal acts."

Cuba Pays $46-Million Debt to Central Bank

PY2209142892 Santiago Radio Chilena Network in Spanish 1100 GMT 22 Jun 92

[Text] The Chilean Central Bank has received approximately $46 million that has been owed by the Cuban Central Bank since 1972 when the Central Bank deposited 30 million Swiss francs into the Cuban Central Bank through its branch office in London.

Central Bank Attorney Jose Antonio Rodriguez has said that this operation is normal in the world of international reserves.

The Chilean Government demanded the return of the money after 11 September 1973 [date of the military coup that brought General Pinochet to power], but the Cuban Central Bank refused to repay it. A few days later, a law was issued freezing all Chilean-owned funds and properties in Cuba until a democratic government is restored in that country.

In 1975, the Chilean Government began court actions in an effort to recover the deposited money. These operations were coordinated by Lawyer Jose Antonio Rodriguez.

In 1990 the Swiss Court summoned the two countries to reach an agreement and ordered Cuba to pay the original debt plus interests. Cuba of course rejected this decision. The final ruling handed down last July stated that the Central Bank would receive the previously embargoed funds and ordered Cuba to pay the court expenses.

Colombia

Gaviria Speaks at UN General Assembly

PA2209191792 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1926 GMT 21 Sep 92

[Speech by President Cesar Gaviria to the UN General Assembly in New York—live]

[Text] Mr. President of the General Assembly, Mr. Secretary General, Messrs. delegates: I first wish to welcome warmly the new UN member states. Colombia wants to be your ally in your struggle to grow in democracy. I wish to congratulate the president for his being chosen to lead this assembly and to bestow recognition on Secretary General Butrus-Ghali for his leadership and efficiency in his mission to make the UN organization a venue for humanity's peace, development, and progress. I have to recognize before all of you that I have come to this UN General Assembly [UNGA] with a deep feeling of anguish. At this moment thousands of defenseless people are victims of the war against Bosnia-Hercegovina. In Somalia, thousands are dying of hunger. I move that this period of UNGA sessions serve to take a decisive step forward to resolve world conflicts. We need to highlight the decisive role of the United Nations as a catalyst of the new world order. The organization still has many characteristics that are leftovers of the cold war. We need to make these reforms with patience and prudence, but with the certainty that UN decision-making mechanisms should be more democratic, more balanced, more representative, and more efficient. Only then can we consolidate the UN role in the future. The agenda for peace presented by the secretary general will certainly serve as a guide to reach these goals.

In the past, when the world was divided into two unreconcilable poles, it was nearly impossible to reach agreements, even on the most simple ideas. Now conditions are right for multilateral organizations to become the main actors of the new international order. Here, however, we need to call for caution: the key problems on the new world agenda cannot be resolved without the active participation of the developing countries. This new active role we have been called on to play by handling the international agenda must be recognized by industrialized countries if we want to take a viable, multilateral approach based on mutual assistance. At the same time, industrialized countries cannot continue to apply multilateral formulas selectively. Likewise, developed countries should abandon the practice of [words indistinct]. This is a double standard that places compliance of multilateral solutions at risk.

Five hundred years ago, thanks to Columbus' audacity, he made it possible for the two worlds to find one another. These two worlds were separated by fear and ignorance. From this moment on the planet became one, opening for humanity unexpected horizons of progress and liberty. [Words indistinct] years ago the cold war once again split the world in two. The world was not separated by isolated or unknown feelings, but by opposite blocs, divided by an ocean of mistrust and [word indistinct]. Now, as we celebrate the 500 years since Columbus' discovery, it is again possible for humanity to forge a true global community. The happiness of freed peoples, dancing atop demolished walls, unfortunately is too short-lived. The awakening of democracy in Europe and America has shown that it is not enough to defeat dictatorship to recover true freedom. The tyranny of poverty, drugs, terrorism, fratricidal wars, the bogging down of paper democracies, continue to be unavoidable threats to peace, security, and welfare.

Perhaps things seemed easier in the past, because we only saw one enemy, either communism or militarism. Now the real evils that affect the community are more evident. [Words indistinct] reasons to be optimistic about the future, we cannot let ourselves be led by mere enthusiasm and think that all the difficulties have been overcome.

We have a new agenda that must be discussed with the same determination and resolve with which the cold war was fought. The road toward a new international order is plagued by paradoxes [words indistinct] uncertainty. While developed countries are enthusiastically advancing toward benefiting from free trade, the industrialized nations are terrified [words indistinct] imposing new commercial restrictions. [Words indistinct] take place when industrialized countries openly [words indistinct] the triumph of the free market. If the economy [words indistinct] possibilities to create a new international order, based on democratic political principles and the individual economic liberty will be fewer each time. The [words indistinct] of the markets will not [words indistinct] of economic development, which is indispensable to defeat poverty and promote an atmosphere of world peace.

To face the return of protectionism must be one of the greatest contributions to peace and the progress of humankind. It is also paradoxical that when the circumstances announce the arrival of a new era of international solidarity, we see symptoms of increasing isolationism. The industrialized countries are focusing more each time on their internal affairs, thereby avoiding their corresponding responsibilities to contribute to peace and progress in the world community. A world filled with thousands of millions of human beings living in poverty, without hope for a better life, cannot afford to be selfish. The countries with higher incomes cannot turn their backs on those crowds, announcing that all the problems of humankind will be resolved by the invisible hand of market forces. Now more than ever, solidarity is essential.

When East and West took the confrontation to the farthest places on earth, developed countries received the most perverse dividends of the conflict. Before, there were always foreign resources to kindle the euphoria of war. Now that the rifles have become silent, international aid earmarked for democracy and to alleviate poverty is insignificant. When more generosity is required and there is only the justification of solidarity to provide assistance, the helping hand is withdrawn and the cold shoulder is given.

Undoubtedly, the Earth Summit represented a milestone in the history of humankind. Rio de Janeiro was the beginning of a long road that is necessary to travel to reconcile man with nature. Unfortunately, dangerous trends that adversely affect international environmental cooperation still remain in the industrialized countries. I am referring, for example, to the unilateral imposition of barriers and environmental conditions for our countries. That is not a good policy. It could lead to the unacceptable situation in which the North progresses and contaminates, while the South remains in poverty to reduce the ecological impact and destruction caused by industrialized nations. This new way of environmental protectionism is a source of conflict that must be overcome.

I know very well that when Colombia is mentioned in the largest capitals of the world, it is inevitable that they also think of drug trafficking. Unfortunately, this is so because my people have had to assume—armed with their valor and courage—a difficult, lonely, and heroic struggle against the most powerful and wicked criminals that ever existed. Colombia is a victim of the uncontrollable desire for drugs throughout the world. Bullets that only three days ago killed courageous Colombian Judge Miriam Rocio Velez were bought with the money paid by cocaine consumers. The bribes that corrupt police officers and jail authorities in our countries come out of the pockets of drug addicts in the largest world capitals. The dynamite in the car bombs that kill innocent citizens on the streets of Colombia are purchased with [words indistinct] consider their insatiable vice as harmless and inoffensive.

That is why we are hurt even more when those, who dare to point an accusing finger at a courageous and sacrificed peoples, exactly are the ones who have no qualms about looking the other way when drugs are consumed alongside them or when it comes to money laundering, arms trafficking, illegal exportation of precursor chemicals, or drug trafficking networks in streets and cities. [applause]

We undoubtedly have lost battles in Colombia. We have also been dealt severe blows, among them the recent escape from prison of a renowned drug trafficker. Despite those bitter experiences, we can say with our head held high that no country in the world has fought the drug plague with so much determination and success. The betrayal of a few corrupt persons, who turned over their dignity for a handful of dollars, does not detract from the sacrifice of thousands of Colombians in defending democracy and humanity.

Hear this well. It is true that Pablo Escobar escaped from a prison, but he will not be able to evade the firm determination of Colombians to administer justice. By maintaining our traditional determination, Colombia will be free forever of the specter of violence and crime. Unfortunately, however, narcotrafficking is an international crime that threatens humanity in all corners of the world. It does not suffice that Colombians are courageous and victorious. The criminals are in Colombia today. Tomorrow they will be in sister countries. Today they are dedicated to cocaine. Tomorrow they will seek new and lucrative markets, such as heroin. Today they become richer at the cost of demand in the United States. Tomorrow they will do so with European and Japanese money. We already are experiencing those changes, those adaptations. It is not enough to eliminate one or several heads of narcotrafficking, which has many heads. It calls for a determined, collective international and multilateral effort to attack this scourge in order to definitely eradicate it in all fronts.

Two years ago, I came before you and spoke out so that we would work together against narcotraffickers. Now, we cannot avoid asking ourselves: What have we achieved in this time? Two years ago, the drug cartels seemed invincible. They even threatened to destroy democracy in Colombia and impose their reign of terror and violence. Today most of those enemies of society are either dead or in jail. Two years ago, the industrialized world, with an accusing finger, pointed at the countries that are victims of drug production and trafficking as if they were responsible for the problem. Today it is known that those who consume drugs are also the cause of the problem and cannot evade their responsibility.

Two years ago, the geniuses of international [words indistinct] accepted the darkest capital without questioning its origin or source. Today we have started to see a change in that attitude. Two years ago, drug trafficking was growing without any control. Today all over America unprecedented amounts of drugs are seized. Two years ago, the drug consumption epidemic seemed unstoppable. Today we are sure that the demand for narcotics can be controlled if the necessary resources are assigned. Two years ago, no one recognized the close ties existing between poverty and thriving drug traffic.

Today we know that alternative development and trade opportunities are decisive in the effort to overcome the problem of drug trafficking.

However, all these advances, which are real, are not enough. Drug trafficking adapts easily to society's efforts to stop it. Criminal organizations, not just in Colombia but practically all over the world, have gone into this illegal business. While consumption decreases in the United States, markets for drugs expand in Europe and Asia.

Today more than ever we must intensify international cooperation in the struggle against this enemy of humanity. Today more than ever we need a vision of the future that will guide our efforts and guarantee our peoples that the problem can be resolved. Thus, I dare to issue a challenge to the world community: I invite the world community to establish clear goals and moderate pledges, to find out where we are all headed and when we expect to arrive there. Thus, we could guide our political decisions and generate the necessary resources.

This is why I am proposing that the United Nations define drug control goals globally, regionally, and by country. We must pledge to reduce the supply and demand for drugs by at least 50 percent by the year 2000, 70 percent by 2005, and to free humanity of the curse of drugs once and for all before the year 2010. As of today, Colombia pledges to the international community to fulfill these goals on its territory. We must enter the new century with the sale of precursor chemicals and money laundering under control. To free humanity of the scourge of drugs will require a broad plan of action. Thus, I am proposing to this General Assembly that it call a UN conference on the issue of illegal drugs, from which will emerge the necessary pledges and programs to defeat drugs definitively within the next decade and a half.

The international criminal organizations have unquestionably consolidated by spreading their networks at a pace much quicker than the law's ability to punish the responsible individuals. Judges Giovanni Falconi and Paolo Borselino of Italy and Miriam Rocio Velez of Colombia—among so many others killed in their struggle against international organized crime—faced powerful enemies, and existing laws and instruments were insufficient. The (?isolated) courage of these heroes of justice is not enough. There must be no frontiers, no barriers whatsoever to prevent the efficient pursuit all over the planet of those who have decided to unite for evil. Justice must be as universal, it must be just as coordinated among all countries as are the international criminal organizations. Mafia, cartels, camorra, and yacuza are only different names for the same thing. The time has come to consider organized crime an international crime.

As I said during my inaugural speech, we must create a special international penal jurisdiction for drug trafficking, money laundering, and the illegal exportation of precursor chemicals. Regardless of where the guilty may live or serve their sentences, every country should be able to approach voluntarily international courts where, with security and all the evidence available in the world, so many painful crimes may be judged. The time has come for the United Nations to broach this issue seriously and with dedication.

Furthermore, we must improve the procedures available for juridical cooperation among the nations. This is why we would like to see a UN convention on juridical cooperation with regard to penal crimes that would allow the exchange of evidence, the confirmation of proof and of substantiating material, and the reduction of bureaucratic procedures and obstacles to coordinated action in matters of justice by several nations. We also want to see true involvement of the European nations, of Japan, and of other Asian nations to the commitments and agreements made in Cartagena and San Antonio. There, the participating nations agreed on a number of strategies and actions in all counternarcotics fields. This effort has already yielded fruit, but the time has come to broaden this cooperation with the rest of the worldwide community. I am convinced that the experience obtained in Colombia, after all these years of struggle against drug trafficking, has given our authorities a knowledge that undoubtedly is of great value to other nations which are now starting to experience the consequences of drug trafficking's worldwide expansion.

This is why Colombia has decided to create an international center for the struggle against drug trafficking that will allow us to put at the disposal of the world community that which we have learned with so much sacrifice. I invite the United Nations and all member nations to contribute and participate in this initiative.

Mr. Chairman, Mr. Secretary General, delegates, I know that in a short time—supported by my countrymen's bravery and their decisiveness in the struggle against drug trafficking, by the courage of Colombia's judges, and the nobleness of my countrymen—we will no longer have to talk at this UN podium on violence and drug trafficking issues. These are not eternal struggles. I cannot recall any criminal that has resisted the weight of a whole nation's will. If my appeal is heard today, much less will those criminal organizations resist the solid will of the international community. Maybe then, in a short time to come, when we leave behind the dark night of drug trafficking, the world may see the other side of my country and really discover our true characteristics. We are the oldest and most solid democracy in the region; we have the most vigorous economy in Latin America; our nation has grown at a rate of nearly 4 percent in a sustained manner during the past three decades. Our wise and serious economic management has kept us removed from the problems of heavy indebtedness, hyperinflation, a stalling economy, and unemployment.

When someone visits my country and meets my people, if he does not find all the horrors the media sometimes publishes, then he becomes one of us, and learns to be Colombian: a proud people who are determined, which is a cornerstone of creativity; and he knows that without

having been born in our land, he will always be Colombian. Thank you very much.

Gaviria Said Not Responsible for Escobar Escape

PA2309045592 Paris AFP in Spanish 0410 GMT 23 Sep 92

[Text] Santa Fe de Bogota 22 Sep (AFP)—According to a resolution approved by a narrow margin, the House of Representatives' second commission on 22 September freed President Cesar Gaviria from all political responsibility in connection with the escape of drug trafficker Pablo Escobar Gaviria on 22 July.

The proposal for exoneration was introduced by Jose Name, representative of the ruling Liberal Party, and approved by eight votes, all of them from liberal representatives.

Name said the lower chamber made its decision after a "calm" study of events that led to the flight of Escobar and nine of his closest associates from the prison in Envigado, Antioquia Department.

"We have reached the conclusion that the president has absolutely nothing to do with these events," Name said.

While the conservative representatives refrained from backing the proposal, those of the former M-19 [19 April Movement] faction voted no.

Manuel Velasquez of the opposition Conservative Party said Name's proposal took him by surprise because the conservatives had previously agreed with the liberals to refrain from expressing an opinion until the results of a separate investigation being conducted by a special Senate commission became known.

Velasquez described the resolution as "hasty" and asserted that it had been imposed by the liberal majority in the commission.

Despite the political exoneration granted to Gaviria, the special congressional commission has not yet concluded its investigation and must meet with the president to hear his version of Escobar's escape.

Guerrillas Pressure Peasants To March

PA2209194792 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 21 Sep 92

[Text] The guerrillas are exerting pressure everywhere. They now want to force peasants in the Middle Magdalena Region to march for the rebel cause under the threat of death. Here is a report by Janet Cepeda:

[Begin recording] [Cepeda] The mayors and councilmen of Morales, Simiti, Santa Rosa, Rio Viejo, and San Pablo in southern Bolivar State have been receiving letters in the past few days ordering them to participate in a march to mark the 500th anniversary of the discovery of America. The peasants of the region are supposed to march to Cartagena from 1 to 12 October.

Last week, the 2d Mobile Brigade located a camp of the Jose Solano Sepulveda Front of the Camilist Union of the Army of National Liberation, where it found propaganda urging the local peasants to participate in the march. This means the mobilization is promoted by the subversive groups operating in the region. Some peasants have reported that if they do not participate in the march, they will have to pay a fine of 60,000 pesos for every 10 people.

[General Fernando Tapias, 2d Mobile Brigade commander] The mayors of all the municipalities were sent an intimidating letter. The letter ordered the mayors and councilmen to attend the march. In addition, the municipalities have to pay for transportation, food, and medicine for the participants.

[Cepeda] Troops of the 2d Mobile Brigade are patrolling the area to prevent the guerrillas from pressuring and intimidating the peasants. [end recording]

* Security Measures at Envigado Prison Discussed

* Ex-Minister Defends Actions

92WD1030A Santa Fe de Bogota EL ESPECTADOR in Spanish 23 Aug 92 p 5-A

[Interview with former Justice Minister Fernando Carrillo by Ignacio Gomez G.: "We Were About To Break the Contract With Envigado"; place and date not given]

[Text] Fernando Carrillo is facing a flood of criticism over his administration as minister of justice for most of the time that Pablo Escobar was in prison. "Let it be perfectly clear," he says as his main argument, "that I received Escobar in prison and turned him over still in prison."

In order to learn what Carrillo knew, did, or did not do, we interviewed him.

[Gomez G.] How did you take over the maximum security section at Envigado?

[Carrillo] Fifty days had gone by since his surrender and I had to oversee a whole series of actions already taken by virtue of crossed communications between the head of Criminal Investigation and the attorneys for Pablo Escobar, which involved a number of difficulties.

Some of them were veritable Achilles' heels of prison policy because of the way they were planned. Initially, the individuals were confined in a special center which at the time did not meet proper specifications for a maximum security prison.

Consequently, because of his expertise in the field of security, the deputy minister began an investigation of Envigado and Itagui prisons because it was a constant concern stemming from the very clauses of the lease with the municipality of Envigado. There were specific obligations of the leasor (the municipality of Envigado) and

leasee (the nation), but it was not clearly established, in terms of construction, what the precise powers of either one were.

Testimony from the mayor of Envigado, who at the time was warden of the prison, and from guards and inmates shows that when the institution began to be occupied, construction work had been begun but was not yet finished.

The government tried to make up for this fact by assigning over 100 soldiers to provide security of the perimeter of the prison. However, security precautions at the time were more oriented around protecting inmates from an air attack, an alleged rescue by foreign authorities, or acts of aggression by their enemies on the outside than they were around preventing Pablo Escobar from escaping.

[Gomez G.] If they were trying to make a prison, what was the difference?

[Carrillo] The Army thought it was possible to strengthen security measures at the prison, but we maintained that they should rebuild security devices around the perimeter in order, based on a proper policy of enclosure, to guarantee, first of all, that inmates would not be able to escape, and then take measures to turn the facility into a real maximum security prison.

The other weak point was the choice of guards by a committee made up of the mayor of Envigado, the regional prosecutor, and the prison warden, for there was great fellowship between inmates and the guards. They should have thought about reorganizing guard personnel and creating an elite force responsible for managing the prison. As early as February, they began to train those who would be involved.

[Gomez G.] While construction was underway and the people were being trained, who was making sure that Escobar would not escape?

[Carrillo] It was not a maximum security prison. There was only one safeguard, the Army. We always knew that the municipal guard staff was vulnerable and susceptible to bribes, to the point that we thought it was necessary to refuse to recognize that clause in the contract.

In addition, the legal status of the jail had never been defined. From a legal standpoint, it did not exist as a national jail. It was a kind of loose wheel within the national prison system that generated something like a kind of hybrid jail in all aspects of which the municipality of Envigado meddled. From the time the contract was signed, the limitations were never spelled out in terms of prison administration, and the Envigado Mayor's Office continued to proceed with its work.

[Gomez G.] If the Ministry of Justice had the power to approve or reject work done at the prison, then when did it approve or reject the bungalows?

[Carrillo] Never. There was never any request for such undertakings or construction. They are openly illegal. The minister never knew about them and never even saw them in photos taken by the Prosecutor's Office during its visit in January of this year. Moreover, they were outside the internal perimeter of the prison and there was never any kind of authorization.

Thus it is that the municipality's meddling was of preponderant importance at one time because it gave the original authorization for all the construction. For example, they were supposed to turn over the guards' quarters, warden's house, administrative offices, an infirmary, and a doctor's office, and construction work had barely begun on all these things by 19 June. Every time the General Prison Administration inquired about progress on the job, it was told, "This was agreed upon at the very beginning and please understand that the work has not been completed."

Until only recently, we were convinced the work was endless. At the end of May, I gave Colonel Navas his orders and he ordered them to be finished by June 1992.

[Gomez G.] When did you learn there were irregularities in the prison?

[Carrillo] There was never any report of any irregularities. Reports issued to the public concerned problems with flights over the prison. I never heard any of the 54 reports which General Pardo Ariza says he sent to his superiors.

If one can classify as a warning the report from the Prosecutor's Office, I received it in January 1992 with the 162 photographs, but they did not show any evidence of the existence of weapons or communications equipment. Furthermore, according to the penitentiary code, they are not prohibited for inmates. So it was necessary to analyze what was a luxury or ostentatious, not based on the code, but on the ministry's opinion. The prison warden was given the peremptory order to go to the prison and take out the rugs and carpets, the bathtubs they had in some of the cells and perhaps two jacuzzis. This was done and reflected in the report drawn up the first week of February.

We then named a military man, Colonel Navas, general director of prisons because he was a lawyer and, above all, because he was an expert. We knew that inside the jail it was necessary to gather intelligence. Homero Rodriguez was also named. He was a man who had gained prominence in DAS [Administrative Department of Security] and who was also an intelligence expert.

We speeded up the process of beginning construction. Although the decision had been made as early as November 1991, using the photos as evidence, the urgent need for such construction was shown at a Security Council meeting. There they demonstrated that it should be a maximum security prison with sentry boxes,

closed circuit television, a system of control excluding any personal contact with inmates, a security fence, and a minefield.

The director of prisons was also ordered to begin to rotate the guards and the jail warden was ordered, together with the prison director, to work out a security system for the jail. The administrative investigation was begun and the previous director transferred so that he could be removed based on the investigation. This was not accomplished because the investigation concluded that what was in the jail did not violate penitentiary regulations. In addition, a fingerprint expert from DAS was added to the staff and we set up a system of continuing consultation of national files in search of computerized criminal background data. Military authorities were asked to step up their security measures. Within 48 hours of receiving the report, we had taken 14 corrective measures.

[Gomez G.] But they were not carried out.

[Carrillo] Those under the minister of justice were, but what happened to the rest? For example, the regulations ordered inspections of objects in the cells described in the daily record. That is the responsibility of the jail warden and he failed to meet it.

The measures may have been insufficient to deal with the evil intentions of the inmates. I think the government overestimated the good faith of those convicted by the courts and underestimated the corruptive capacity of inmates at Envigado jail. It overestimated their good faith because it thought that when the inmates entered the prison, they would submit to a prison regime. It also underestimated their corruptive capacities because many eyes failed to see and many mouths failed to speak!

[Gomez G.] In what condition was the jail turned over to the authorities?

[Carrillo] With a good percentage of the work underway, but without solving an incident that occurred because of the layout of a fence, work the inmates wanted to suspend because they wanted a different layout. I then ordered the prison director to come to the jail so that, with the cooperation of the Fourth Brigade, the work could continue.

[Gomez G.] In one of the reports on the incident, the contractor says that officials from the Ministry of Justice pledged to change the layout.

[Carrillo] No. The order was to respect the original plans and if some official from the Ministry of Justice talked with inmates and made such an offer, it was on a personal basis, not as a spokesman for the Ministry of Justice. It was clear after the altercation that the order was to continue.

There were problems when I handed over the ministry. That was the precise subject of my meeting with the minister of justice who was taking office and whom I asked to get in touch with the deputy minister of justice, the person responsible for maximum security prisons.

[Box, p 5-A]

The Other Contract

[Gomez G.] In the reconstruction of the jail, you are accused of having made illegal contracts and contracts with friends of yours.

[Carrillo] First of all, all legal processes of an administrative, legal, and financial nature were complied with. Delays in beginning construction were precisely because of this. We complied with the Statute on Administrative Contracting, which provides that for reasons of security, if the Council of Ministers is so authorized, it could contract directly. Later, by virtue of an obvious emergency, it had to go back to the Council of Ministers.

It also had the approval of the honorable Council of State, the highest level at which contracts are reviewed. It was later submitted for subsequent inspection by the Office of Comptroller General of the Republic. Anyone who says we did not obey the law is totally unfamiliar with the contracting system.

Second, it is not true that I had any preexisting friendship with the persons who did the work. Obviously, from the time work began, I had to have continuing contact with the persons involved, but it is not true that there was any kind of friendship or collusion that would have been decisive in the awarding of such contracts.

* Senate Commission Investigates

92WD1030B Santa Fe de Bogota EL ESPECTADOR in Spanish 22 Aug 92 p 10-A

[Text] The electric fence surrounding Envigado jail, from which Pablo Escobar escaped, was never connected, according to statements made by Senator Fabio Valencia in a debate before the Senate Accidental Commission.

The senator said the fence had never been hooked up due to neglect and irresponsibility, even though it could have been done. "It was nothing like a jail and a lot like a resort!"

Present at Thursday's debate before the Second Senate Committee now analyzing incidents surrounding the escape of the confessed drug trafficker were former Ministers of Justice Jaime Giraldo Angel and Fernando Carrillo Florez and former Deputy Minister of Justice Eduardo Mendoza de la Torre.

Giraldo Angel was questioned at length about why there were municipal guards at a national prison, to which he responded that such a policy was legitimate.

One of the things made clear during the debate was that the basic criterion of security was protecting inmates from outside attacks rather than preventing their escape.

On this point, former Minister Fernando Carrillo Florez repeatedly directly accused municipal authorities in charge of the jail.

Carrillo admitted that every day, 52 of Escobar's employees went up to prison property.

According to a document seen by EL ESPECTADOR, a report from the General Prison Administration, Escobar Gaviria said that "the drapes and pictures are mine. The furniture was made in the carpentry shop where inmates work. The television set and Betamax belong to me and were here when I arrived because I ordered them ahead of time."

The former minister was questioned about where the guards were from since during the Accidental Commission's visit to Envigado, it was learned that several of them were relatives of Escobar or his aides.

Consequently, when the minister of justice said that one measure that had to be taken was to change a few guards, Commission members said it would only amount to "switching cousins."

Ecuador

Measures Adopted Against Impending Strike

PA2309035792 Quito Voz de Los Andes in Spanish 2300 GMT 22 Sep 92

[Text] The 24-hour strike called by the United Workers Front, other unions, public employees, and students will begin at 0600 on 23 September, therefore classes are suspended in the Costa region.

According to Eduardo Pena, education and culture minister, the suspension of classes is intended to guarantee student security.

Registration at schools in the Sierra and Oriente regions will also be suspended.

The government stated that the strike is illegal and called for reason and tranquillity because those types of actions do not solve problems, especially if they are accompanied by vandalism and social unrest.

For his part, Labor Minister Alfredo Corral stated that the government will guarantee work, order, and the safety of the citizenry. He also said that transportation services will be irregular even if the drivers do not join the strike, so citizens must seek alternate transportation.

New Group Claims Responsibility for Bombings

PA2309030292 Madrid EFE in Spanish 2248 GMT 22 Sep 92

[Text] Quito, 22 Sep. (EFE)—The "Liberty Group" [Grupo Libertad] announced its establishment on 22 September, one day before the start of a general strike called by trade unions. The new group has claimed responsibility for the bombing attacks at the beginning of the month.

The group issued a communique to local and international media identifying itself as in opposition to the government "of businessmen" headed by President Sixto Duran-Ballen. There was no hint as to the group's political persuasion.

"Taking the people's legitimate right to organize and struggle to defend their lives," the communique states, the group claimed responsibility for the bomb attacks on government offices in eight Ecuadoran cities on 4 September.

The attacks, which took place one day after Duran-Ballen announced his economic adjustment measures, were carried out with medium-power dynamite. There was property damage but no personal injuries.

The general strike called by the trade unions demands that the government repeal the economic program, which has meant price and tariff increases of between 25 and 200 percent for goods and services of mass consumption.

Liberty Group, which has warned that they will increase their actions "while the people's fundamental interests continue to be affected," is the only insurgent group currently left in Ecuador. The Alfaro Lives, Damn It! group abandoned the armed struggle in 1991, and there have been two years of inactivity on the part of the Free Homeland Montoneras group.

Minister Comments on Free Trade With Colombia

PA2309043092 Quito Voz de los Andes in Spanish 1130 GMT 22 Sep 92

[Text] Mauricio Pinto, industry, commerce, integration, and fisheries minister, referred to the opening of free trade with Colombia on 1 October and said the action was in the country's best interest and came at the most appropriate time.

The minister stressed that the decision to allow free trade between the two countries was suited to Ecuador's economic situation and with the government's 3 September measures. We are attempting to ease the situation for our productive sectors, which are currently enduring internal restrictive measures, he noted.

Minister Pinto defended the government's decision to trade freely with Colombia and said it was appropriate and favorable to the country's interests. He added that the country had viewed the prospect positively due to the latest economic adjustments.

According to the minister, free trade with Colombia will be positive for Ecuador as the foreign exchange favors our exports and will help decrease the productive sector's internal problems.

The minister emphatically disagreed with people who believe it is not the right time to initiate free trade with

a country as powerful as Colombia. He also rejected statements that Ecuador will be emptied by the northern neighbor's purchases. He said the inaccuracy of those contentions are obvious when one studies the situation closely. He said free trade will legalize the ongoing trade in the northern border. Minister Pinto presented the case of Ecuadoran northern farmers who sell their products to Colombia through intermediaries and will now be able to do so directly.

The minister also pointed out that the agreement includes precautionary clauses that permit the suspension of shipments to Colombia in the event that Ecuador would require the food due to unforeseen problems. He reaffirmed that our country's efforts to open a new market is logical after the devaluation, and they will allow us to test our strength in free trade with our neighbor. Minister Pinto reaffirmed that the government's decision is a step in the right direction in view of Ecuador's restrictive economic circumstances and will help ease producers' hardships.

Paraguay

Retired Officer Adds to Corruption Charges

PY2209234792 Asuncion ULTIMA HORA in Spanish 22 Sep 92 p 13

[Text] "I do not want you to interpret what I now will tell you as laying charges. This is simply information that I consider important to assist in the eradication of corruption," said retired Colonel DEM [from Staff School] Victorino Amarilla Gonzalez, former chief of staff of the 8th Infantry Division in the Chaco region.

Amarilla Gonzalez, who described himself as a comrade and friend of Colonel Luis Catalino Gonzalez Rojas, presented himself before the congressional committee investigating illegal procedures, represented on the occasion by Senator Carlos Romero Pereira and Deputy Francisco Jose de Vargas, to comment about his experiences in the Chaco region when he was chief of staff of his division (from 1985 to 3 February 1989).

He said that DEA agents and U.S. Embassy officials had visited Col. Amarilla Gonzalez's unit during the absence of its commander, General Ismael Otazu, and he, that is, Col. Amarilla Gonzalez, attended them. "They asked me, among other things, if we knew something about airplane flights within the jurisdiction of the 8th Infantry Division and if there were landing strips used by Bolivian airplanes that came from Santa Cruz de la Sierra. They said they knew that Bolivian airplanes arrived every week in the country transporting shipments that included more or less 500 kg of cocaine," the retired colonel said.

Amarilla Gonzalez continued by saying that the Americans even mentioned to him a drug trafficking triangle: Santa Cruz de la Sierra, Pedro Juan Caballero, and Parker Cue. Parker Cue is located in the jurisdiction of the 6th Infantry Division in the Chaco region.

"I understood their statements as an indication that Bolivian airplanes were operating within the jurisdiction of the 6th Infantry Division. I told them on that occasion that not one gram of cocaine could have landed in the area during Gen. Otazu's presence. There was, however, a problem because there were some landing strips that were not controlled by the Army but by the Air Force, one of which was Base 5."

Amarilla Gonzalez added that he was asked a key question: Why did airplanes land in Parker Cue? "My answer was: 'It is true, Parker Cue is located at the limit of the 8th Infantry Division's jurisdiction, but we are not responsible for that detachment. Gentlemen, you must talk with General Ramon Humberto Garcete because he is the commander,' and that was my reply on that occasion," Amarilla Gonzalez said.

He said the American visitors insisted on their point that weekly flights arrived from Santa Cruz and that they got "lost" in that strategic point...; "Just imagine, they said the drugs passed through the jurisdiction of the 8th Infantry Division and they insisted in Parker Cue, which is under the jurisdiction of the 6th Infantry Division. That is why I told them: 'Please, you must consult with the chief, Gen. Humberto Garcete.'"

In another part of the retired colonel's declaration, he clarified that he was just commenting. Thus, he said: "I am going to be clear. It was said at the time that Bolivian airplanes landed in Parker Cue. It was said that the shipments that landed there were transported to Mariscal Estigarribia, and I am sure of this because I once used one of the airplanes that transported these shipments. In what circumstances? Once, there was no possibility to travel from Mariscal Estigarribia to Lagerenza, which was my base, by land and my commander then had told me: 'You have 24 hours to be here.' The only option I had then was to use an airplane that was going to Parker Cue. The pilot, whose last name was Peralta, charged me 30,000 guaranies. That is why it was said that Bolivian airplanes arrived in Parker Cue, and from there Paraguayan connecting flights flew to other parts of the Chaco."

Regarding Parker Cue, it must be recalled that the landing strip was destroyed during General Andres Rodriguez's administration, and that a small airplane bearing forged Bolivian license numbers was abandoned there with more than 300 kg of cocaine. The airplane was stopped by troops with the assistance of Judge Arnulfo Arias and Dinar [National Narcotics Directorate] agents.

"The Same Link"

Col. Amarilla Gonzalez explained further about the destruction of the landing strip in Parker Cue.

Among other things, he said: "There is a lot of information; the death of a lieutenant, the dismissal of Generals

Otello Carpinelli, Dario Gonzalez, and Rojas Ortiz. I think it is all connected by the same link."

Amarilla Gonzalez remarked that he is particularly interested in cooperating with the country and with Brazilian families. "Can you understand that a stolen truck [from Brazil] can pass through 18 control points before crossing to Bolivia? How much pain, how many deaths? This kind of corruption denounced by Col. Gonzalez Rojas must represent a banner for the citizenry. That is why I am surprised that the Colorado Party, my party, has not made an official declaration about what is happening with this honorable gentleman, Col. Gonzalez Rojas."

When Amarilla Gonzalez was asked if he did not fear being arrested like Col. Gonzalez Rojas, he answered: "I would assume it with total responsibility because what I say is true. Just compare dates and the names of the commanders of the 6th and 8th Infantry Divisions while I was stationed in the Chaco region."

Majority Believe Generals Involved in Corruption

PY2209204992

[Editorial Report] Asuncion HOY in Spanish in its 22 September issue carries on page 4 a 300-word report on the results of a poll by HOY's Journalistic Research Department on 15 and 16 September in Asuncion, Coronel Oviedo, and Encarnacion. The poll asked about the possible involvement of Armed Forces generals in corruption. According to the results, 87 percent of the people polled believe that generals may be involved in corruption, while no one believes the generals have no involvement at all. Among the people polled, 63 percent believe that some generals are actually involved. In Asuncion, 70 percent believe that generals may be involved in corruption, while in the other cities only 55 percent share that opinion.

Peru

Fujimori Talks About Guzman Arrest, Economy

PA2109174592 Lima Panamericana Television Network in Spanish 0205 GMT 21 Sep 92

["Exclusive" interview with President Alberto Fujimori by Patricio Ricketts on 19 September; place not given—recorded]

[Text] [Ricketts] Good evening, Mr. President. First of all, congratulations on the 12 September capture of Shining Path leader Abimael Guzman, which all of Peru received with much enthusiasm.

[Fujimori] Many thanks. I think it is only fair to share this success with Counterterrorism National Directorate [Dincote] personnel and with all of Peru.

[Ricketts] We hope to hear many scoops on this, Mr. President. But before hearing yours, I would like to tell you one: During the program we will release information on a poll made for us by the Apoyo Company on 12 and 13 September. It is interesting because it reflects the dramatic change in public opinion. The scoop for you is this one: on 12 September you had a 56 percent approval rating. On 17 September a follow-up poll showed your approval rating had risen to 74 percent and, among the younger set—18 to 24 years old—your rating hit 81 percent. This is what Abimael Guzman is worth politically. The question I would like to ask you is this: Guzman had eluded all Peruvian forces—Armed Forces, police forces—for 12 years. It is worth noting that 250,000 people have looked for him for 12 years and were not able to find him. Finally he was caught. This is the question: Did they really look for him during those 12 years or only for these past six months?

[Fujimori] Please allow me to make a brief comment on the sudden 18-point rise in the polls. What this really reflects is the Peruvian people's great concern and yearning to attain peace. This is really very significant. There have been periods of indecisiveness; Abimael Guzman's movement was wrongly interpreted at the beginning—at the beginning of the 1980's. In fact, at one time it was wrongly believed to be cattle rustlers [abigeo], or a messianic movement, or something exported from Cuba, etc. Thus the medium and long-term goals set by Abimael Guzman were misinterpreted. Afterward, as Abimael Guzman and his followers moved forward, particularly in the countryside, they tried first to use the police, afterward the Armed Forces, by establishing the so-called states of emergency. Regrettably, it was during these states of emergency that indiscriminate repression took place, which instead of delivering blows to the Shining Path, delivered blows to the innocent population, produced the opposite effect...

[Ricketts, interrupting] They created a greater problem.

[Fujimori] ...without achieving greater results in the capture or elimination of Guzman and his followers. There was also a certain amount of political disorientation; the guidelines were not very clear. The dismantling of the intelligence services, also at the beginning of the 1980's, was also criticized. To reconstruct the intelligence service was really a painstaking job....

[Ricketts, interrupting] President Belaunde found only empty files.

[Fujimori] It took lots of work to rebuild it. A strategy against terrorists is based mostly on intelligence work backed by the citizens. The citizens feed the intelligence services with information. Naturally, the intelligence services gather and collate all this information. Now, aside from a marked political decision to wipe out terrorism from all angles, we have developed fine intelligence work.

[Ricketts] When did the search for Guzman begin?

[Fujimori] That had been planned for years. Everybody wanted his arrest, obviously. But we began to get close to our target, Abimael Guzman, when we found clues,

better yet, when we found people who were very close to Guzman; when we detected who the members of the Permanent Committee were, the Political Bureau, and the Central Committee.

From that point on, these persons were surveilled and this led us to the top. This had been going on for months. This year we sensed that we were close.

[Ricketts] What does the capture of Guzman mean within Shining Path? Does it mean that the movement has been beheaded? Or, is this just the arrest of one man and two or three other persons? Can Shining Path continue and undergo, perhaps, a metastasis, with other regional chiefs who could replace him, perhaps improving the movement, considering Guzman's deteriorated physical condition?

[Fujimori] We can take a look at this triangular diagram, which represents the basic Shining Path organization. Here is the peak, consisting of the Permanent Committee, the Political Bureau, and the Central Committee. This is a triangular figure. This means that the Permanent Committee people are also members of the the Political Bureau and all the members of the Political Bureau are also members of the Central Committee.

[Ricketts] How many people compose the peak? The total.

[Fujimori] The peak, the Permanent Committee—which is the highest hierarchy—included Abimael Guzman, Elena Ipaguirre, and Alberto Ramirez. This means that we have captured the two most important people at the top.

We know that Alberto Ramirez is a military commander who has no other skills. Politically he could not replace Guzman. No way. There are important Political Bureau people who are still free. There is (Marta Huatai), (Maqui Clavo), and Teresa Duran, the three persons that appear in the video we showed last year.

According to our list, there are approximately 26 known people in the Central Committee. The list was made in 1990 and, thus, some of the people on it have died. For example, the list mentions Tito Valle Travesano who is dead. He was, however, substituted by Teresa Duran Arauco who, by the way, is Maximilian Duran's sister. The 26-person list includes (German Cipianta Abara), known as Arturo, who is an important Shining Path member becauses he is the national coordinator. We have, however, arrested two of the three members of the Permanent Committee. Thus, the organization practically has been beheaded.

[Ricketts] The only politically knowledgeable person in the organization—that we know of—was Abimael Guzman. He is, thus, irreplaceable. Militarily, however, do you believe the armed struggle can continue for a long time or, perhaps, even get worse?

[Fujimori] According to the documents we have seized, Abimael Guzman obviously based his actions on several Maoist principles and one of his main concepts is that politics dominates weapons. Thus, Abimael Guzman took special care in ridding himself of the politically trained leaders who could threaten his leadership. The list I have includes people from the annihilation committee, which basically is a military command, but there are no political leaders.

What could happen is that those who have the weapons in the organization start to fight among themselves to attain command. However, there is nobody on this list of people we have identified, who could replace Abimael Guzman. Alberto Ramirez Duran, as I said before, does not have the qualifications. It is speculated that Maximiliano Duran Araujo could become the leader. He is a university professor but, undoubtably, he does not have the following of or the influence on the members...

[Ricketts, interrupting] He has never been a man of action either.

[Fujimori] That is correct.

[Ricketts] What about Julio Cesar Mezzich? What is known about him?

[Fujimori] There is a lot of speculation about Mezzich. I do not have him on the list. He is being investigated but, apparently, he is not in the Political Bureau.

[Ricketts] Up to now, Mr. President, you have gone from the thread to the spool in this case. What information has the spool given? Have you found an important file containing a lot of information? Have you found a great deal of data in the computer up to now?

[Fujimori] We have found documents that are important from a political standpoint. We found a large number of documents and diskettes. They used computers a great deal. Those documents are still coded. We are decoding them. The main chieftains have been identified. Some of these leaders have been replaced because they were identified and shown on video. Some alternates have taken over, but we have identified them also.

[Ricketts] In addition to the group leaders, I imagine many other leaders will begin to be identified. Will there be captures like falling dominoes?

[Fujimori] We have had mass arrests in these first four of five days. Besides these arrests, we have seen a large number of defections—and I think more will come—of those who are truly repentant. They are the ones who provide information and leads on their former comrades in terror. Defections will be encouraged because, in addition to the Repentance Law that was enacted, we will have a special provision for a certain period of time to keep defectors of out jail. To be sure, they have to be truly repentant and must pledge to support the war on terrorism.

[Ricketts] This point worries the people. It has been said that the leadership will be hit. Will justice only be meted out on the leaders or everybody involved? Will a restrictive police be used in enforcing justice, or will we get to the bottom of things?

[Fujimori] Everybody involved will be affected, of course. As I explained eight or nine months ago, when we showed [Guzman's] video, when I showed a pyramid, and you will recall that...

[Ricketts, interrupting] Sure.

[Fujimori] I said we are going to hit the leaders. The chief thing is to dismantle the movement. We achieved that with the Shining Path and the MRTA [Tupac Amaru Revolutionary Movement].

[Ricketts] Mr. President, we understand the strategic points. What I am asking, however, is this: Once the strategy has been carried out will justice be meted out only to the leaders or will it be enforced at all levels? Will you aim at the trunk and leave the seeds? Will you eradicate...

[Fujimori, interrupting] All the branches, including those people who extol crime. Not long ago, I talked about teachers who warp the children's minds. Severe punishment will also be meted out to them, except if they change their minds, defect, and show a true repentance by helping the forces of order.

[Ricketts] On this topic, where are you going to hold Guzman? At El Fronton Jail?

[Fujimori] That is an interesting question because, as you can imagine, all the terrorist leaders are dangerous. This is all the more so because they handle many millions of dollars. They can purchase their freedom, as happened in the case of drug trafficker Pablo Escobar Gaviria in Colombia. No doubt we must hold him in a very secure prison. Although it has not been decided yet, I should think we can hold him at military fort where his escape would be impossible.

[Ricketts] Will El Fronton Jail be rehabilitated? Was there...

[Fujimori, interrupting] We do have a plan to rebuild El Fronton basically to hold terrorists but not people like Abimael Guzman...

[Ricketts, interrupting] That jail would not be enough for Guzman.

[Fujimori] Right, it would not be enough. It does not provide sufficient security to keep him detained.

[Ricketts] You mentioned the death penalty, and your personal approval of the death penalty.

[Fujimori] This is always a difficult matter.

[Ricketts] It is a very thorny issue.

[Fujimori] To think in one way and to act in another because of one's position, represents a contradiction that arises in one's conscience. We are personally of two minds on the matter. [sentence as heard] I personally support the death penalty, sure, what other punishment can a criminal deserve?

[Ricketts] Dr. (Elias Larosa) has made some interesting statements. He said that the death penalty could be applied to Guzman if terrorist actions under his responsibility continue after his capture and if the death penalty were to be approved. This is an original and bold idea. In any case, what he is advocating is the possibility that the death penalty be approved by the constituent congress. Would you propose it?

[Fujimori] Of course I would be willing to propose it. The idea seems interesting. I hope it does not take too many months.

[Ricketts] What do you think of the resistance that Shining Path and terrorism in general might offer from now on? There is much talk about not letting down our guard. Of course, no one wants our guard to be let down, but do you really think it will be extremely difficult to continue going down the Shining Path leadership ranks and to eradicate the problem?

[Fujimori] The blow has weakened the Shining Path militants' strength. The myth of President Gonzalo has crumbled. His true identity has been shown. You should see him in prison. One day we are going to show him. One cannot imagine that someone like Guzman, in prison and totally demoralized, could lead such a movement. I think they are going to try to show that what they call a party is, quote, alive, unquote. But I think these are going to be desperate actions.

[Ricketts] President, tell us what is happening to Guzman now? How does he behave? What does he do and what does he say?

[Fujimori] He is a talkative man. He is submissive, docile, and does not put up resistance. He obeys all the orders from the police.

[Ricketts] During his interrogation, has he said anything important for [words indistinct]?

[Fujimori] Yes, he tries to enter into topics which he calls ideological and politicial. He tries to justify the crimes, the massacre of children. He is really a monster, an inexplicable [words indistinct], but the man is demoralized [words indistinct] is a mouse.

[Ricketts] What?

[Fujimori] He is a mouse in a cell in which he has every comfort but he realizes that his castle was built of cards.

[Ricketts] In your view, is he psychologically demoralized?

[Fujimori] He is demoralized and totally beaten. Even his physical condition does not help him. He has quite advanced psoriasis and other health problems. He is being treated with utmost care so he will be as healthy as possible to provide all the information that can help the police.

[Ricketts] His health is precarious and his physical condition is really weak?

[Fujimori] It seems his health has been precarious. Obviously, this was worsened by this situation which psychologically nearly killed him.

[Ricketts] Guzman's worst failure definitely is the elections, because his entire struggle, from Chuschi to date, consisted basically of preventing Peruvians from voting and choosing the democratic path. Elections will now be held but the question some are asking in Peru is whether they will be free and truly honest? Can you guarantee that?

[Fujimori] What better guarantee can we offer than inviting observers from all organizations and countries interested in the elections and basing the election system on old laws. Moreover, all citizens will supervise the elections.

[Ricketts] President, you aware that there is harsh criticism of the elections. For example, Popular Action [AP] refuses to participate claiming you are organizing a gigantic fraud.

[Fujimori] Do you think the people believe that? No, that is part of traditional political games that no longer have any impact.

[Ricketts] Several things are being said, for example—and the U.S. ambassador said it—that the congress will not be independent because it will not be able to revoke the laws you have decreed...

[Fujimori, interrupting] But that is another issue. We must clarify if this holds true after the elections. The elections are guaranteed by a National Election Board [JNE] that is working to ensure they are as objective, impartial, free, and honest as possible. That is after the elections.

[Ricketts] Mr. President, among the objections is that the JNE is not independent and that the judicial branch—given that you dismantled it—is not independent either. This is what is being said against the elections; that there are no longer any guarantees. The third objection—AP said this—is that holding separate municipal and national elections will generate apathy; there will be low voter turnouts, especially in districts where the elections could be rigged. This is what is being said. Is there any basis to this, President?

[Fujimori] As for the alleged JNE dependence on the judicial branch which in turn is controlled by the executive branch, I will say we had to the stop the vicious circle of that corrupt judicial branch, under which the JNE is. I want to stress this. Only three or four months ago we learned about the problems between the former JNE president and JNE members. The JNE president had even dismissed JNE members. We had to replace the JNE president. In any event, this was a decision by the judicial branch. We had to stop this vicious circle. If we had continued with this rigidity, we could not have done what we did on 5 April and we would not have been able to make corrections either. This was necessary for the sake of the country's interests.

[Ricketts] The question is whether you—after these developments—manipulate the elections. Peru needs to hear you flatly deny this; to hear you say you will guarantee that the elections will be extremely honest, as Bustamante and Rivero [not identified] would have said. Will that be so?

[Fujimori] But what power does the president have to commit fraud? I cannot, frankly, imagine that. I do not know whether a military leader has done this in the past, but I cannot, frankly, imagine a fraud when massive participation of citizens and observers will be involved.

[Ricketts] APRA [American Popular Revolutionary Alliance] is complaining that you are persecuting it, and thus, will not be able to participate in the elections. What do you say to this?

[Fujimori] I say that the fact that its leader sought asylum in Colombia does not mean we are persecuting them. All Peruvians regret that he chose not to face charges regarding his tenure in the government.

That does not entail persecution. It does not signify persecution to ask that so many irregularities that were committed be cleared up. We are not persecuting individuals or ideas. We are trying to clear up presumed crimes.

[Ricketts] Your active participation...

[Fujimori, interrupting] During the previous weeks...

[Ricketts, interrupting] That is right, your participation elicited comments. Most of the citizens, by the way, frowned on that. What have you to say in that respect?

[Fujimori] Presidents always seek to hold a majority of seats within the legislative branch to be able to consolidate the necessary laws that will enable him to rule the country. This is only natural—all presidents want this and this is what democracy is all about. This idea has been sought in all elections. In fact, ruling presidents have taken part either directly or indirectly in the electoral campaign. My participation will center on explaining to the country what is wanted for Peru's future and how this should be carried out. This means having a Congress that is not pachydermatous or charlatan, where fistfights, like in a boxer's ring, were practically a daily occurrence. We are just around the corner from the 21st century and we need an efficient congress, which works and issues laws. Well, I am going to seek a congress that fulfills these requirements for the good of the country, so I will stick my nose into this.

[Ricketts] There are those who think, Mr. President, that you are going to run with several colors in that race, with several emblems. It is like being in a car race, is it not?

[Fujimori] I will have the national colors.

[Ricketts] You are going to have the colors of Change 90, of Engineer Yoshiyama, of former Minister Torres y

Torres Lara, and so on. How can you explain this participation? What type of person and what type of platform are you seeking?

[Fujimori] In reality there is great enthusiasm among the people and it is welcome.

[Ricketts] Of course.

[Fujimori] This is part of that civic awareness that is being consolidated in the country. Although we are nearing the elections—we are virtually at the beginning in view of the haste with which we have had to convoke the elections for the Democratic Constituent Congress [CCD]—we are almost at the beginning. At the beginning all of the forces are in the race. At a given moment they will have to join forces. So it is welcome that Change 90 supports the presidential colors, as does Engineer Yoshiyama. Before you know it there may be two more. They are welcome, but I believe there should be a consolidation of two and, it would be nice, if it would be one. They are all striving for the same.

[Ricketts] It involves a list of 80 names, and if there are four you would be speaking of several hundred names. Mr. President, why don't you anticipate a few of them?

[Fujimori] I am not the person who can anticipate this.

[Ricketts] Well, at least the persons you know.

[Fujimori] Obviously, in Change 90 I know the persons well. In Change 90, for instance, there is Luis Salgado, a well-known exponent. I suppose Jesus Reyes could also be heading a list.

[Ricketts] What about the independents you would favor, who might they be?

[Fujimori] I would not make any differentiation in that respect.

[Ricketts] What type of persons?

[Fujimori] I am only interested in their being...

[Ricketts, interrupting] Technicians, jurists basically, what type of person do you have in mind?

[Fujimori] Well, not basically jurists, because I think that this congress must be technical. It can charge a group of jurists with the study and preparation of a draft constitution. Undoubtedly, inside the congress there must be constitutionalists, but the work of the CCD is not only drafting the constitution, but also engaging in legislative work.

[Ricketts] You think that an outside group can be charged with the preparation, somewhat as occurred in the constituent of 83 when the Villaran commission prepared a draft bill.

[Fujimori] Yes, that is correct.

[Ricketts] Are you thinking somewhere along that line?

[Fujimori] Yes, I am thinking in that direction. I believe that the most important things are the dispositions, the structural reforms that will lead us to modernize our society, our [word indistinct] apparatus.

[Ricketts] What do you think has to be done? What reforms do you advocate? For example, what type of executive and legislative branches do you believe would work well? What are the constitutional changes that have to be made, in your opinion,?

[Fujimori] If I had to summarize it briefly—I have already talked about this matter and also referred to it in the Bahamas—I would like—in addition to the CCD—a unicameral congress consisting of 80 members, elected under the system of multiple electoral districts, just as I said in the Bahamas. I would like the Constitution to establish the people's referendum and to stipulate that matters of national importance have to be consulted in a referendum. I would like a smaller and more efficient executive branch.

One of the main tasks of the executive branch would be to advance the productive sector economically. I would like it to concentrate its efforts on social issues such as education, health, and the infrastructure in general. The executive branch would be involved in basic education reforms at all levels, including the university. It would have to determine the nature of the university's autonomy and would promote the participation of organized community in the management of the education centers and the teaching procedures implemented therein.

I would like to see reforms in the judicial system to avoid the vicious circle of appointments by power groups within the judicial system. We already are taking steps in this direction, such as with the judicial training schools. Those are the type of changes we are suggesting.

[Ricketts] Your words lead me to understand that the reforms you are promoting are not thorough ones. You do not advocate a totally new constitution but only that certain aspects be changed. It should be a revision and not a general reform of the Constitution. We still have to find out what Congress thinks about this. This, however, is your opinion. Am I right?

[Fujimori] That is correct. It really is a matter of making amendments. However, each amendment will bring about radical changes. Just imagine the impact of an in-depth change in our educational system. Or, if we just change one simple paragraph—the one on land tenure—as it appears in the 1979 Constitution. It will be difficult to get out of this archaic land tenure concept, but, we would make a 180-degree turn if we only change that paragraph. We need to amend these basic concepts because we want to have a modern country.

[Ricketts] In regard to labor security, do you believe changes are needed here too? Should this law be updated?

[Fujimori] On this matter, the current Constitution is too rigid and has to be more flexible. We have proposed this

repeatedly. Unfortunately, the Constitution restricts us in this respect. We do not want workers to feel insecure in their jobs. Quite the contrary. We, however, do want efficiency and competition to prevail at all levels.

[Ricketts] Mr. President, man not only lives by politics, but by bread as well. The current concern in Peru is the reactivation of the economy. Apparently Peruvians cannot tighten their belts any more. When are we going to have this reactivation?

[Fujimori] We are aware of the adjustments that the people have had to make. We have issued a series of measures which in this past one and a half months has injected approximately $100 million into the economy in global terms. This has signified 68 million soles only in wage increases. Nonetheless, one cannot see as yet that the wheels are turning. I have asked several businessmen, industrialists, and have polled people on the street about what is happening. The effect is not noticeable as yet. One would have to put in the $300 million that we had foreseen. This cannot be done from one moment to the next. This is the situation.

What is interesting is that the IMF has approved the results—it is difficult and I recognize it—of the economic program, which has signified a drastic drop in inflation. Unfortunately, it has had serious distortions of which everyone knows. One is the low rate of exchange, which does not promote exports. Second, there are the high interest rates that make production very costly and financing of businesses very burdensome. They are two distortions that necessarily are...

[Ricketts, interrupting] Are you going to make short-term corrections, Mr. President?

[Fujimori] Efforts are being made. Frankly, I do not see any results. That is why I am telling my people that, we specifically need to correct these two distortions. It obviously requires several adjustments in the economic program as of January 1993. The existing economic program has served its purpose, with its flaws. But it has served the goal of reducing the rate of inflation. It is too bad that the recession has been so severe.

[Ricketts] In fact, Mr. President, if there was a congress functioning at this time, you would have had to submit the budget bill for 1993 in mid-August, I believe. At this time the subcommittees would be working on it. What is the budget and what are your goals? What are the objectives of the program for 1993? Can you tell us something about this?

[Fujimori] Yes, we still have the terms in rough form. We estimate that the income could be approximately 10 percent. I think that is a conservative figure. This year we may end up around 9 percent. We are going to make an effort to increase income, so that we can attend to social aspects and investment plans in better terms.

[Ricketts] There is great tension regarding the social goals that thus far have not been met.

[Fujimori] The fulfillment of the social goals depends on income. These investments are limited by the state commitments. These are commitments that were not assumed by this government but come from way back, from many years ago. For instance, the problem of the foreign debt, which really constitutes a heavy burden—not for the state but for all the people, especially since this heavy budget is a debt with organizations that promote investment, as are the international organizations, the World Bank, and the Inter-American Development Bank [IDB]. What we are suffering is part of the nonfulfillment of the previous years.

[Ricketts] When do you expect credits to begin to flow into Peru?

[Fujimori] Hopefully, our goal with the IMF is to receive it around the last part of the year. We would then be ready to obtain the initial loans from the IMF and the World Bank. The IDB has been reticent about signing a new financial credit for $220 million. I understand it is due to political reasons and due to misinterpretations of certain situations. Peru, however, has fulfilled its commitments.

Pardon me, but returning to the topic of the budget bill and its objectives, all of these delays signify a burden for the Treasury. It limits our goals in terms of social attention. I repeat what I have said regarding the two former budgets. It is a basic tenet to balance the spending and income brackets. One cannot think of engaging in excessive spending when one is not supported by the adequate income. Otherwise, one would be returning to hyperinflation, issuing currency, and ending up with the same vicious circle. I propose, and I have always said this, that we leave this vicious circle once and for all. Let us not issue any more currency. Let us not return to hyperinflation. Let us correct all the problems generated by the acute recession, the distortions in the types of exchange and interest rates in order to build a healthy economy.

It will be done. Even the former USSR, a superpower, has had to make great adjustments, which have reduced the citizens' purchasing power.

In Peru we are still suffering the consequences of adjustments...

[Ricketts, interrupting] As you know, Mr. President, what is being criticized is the fact that the social assistance program, particularly for people living in extreme poverty, has not given results. Although it does not require much in funds, the program itself has not worked. Is the government trying to do something about this?

[Fujimori] First, I would like to make an observation. Those who say that funds have not been channeled to the most needy are being subjective. I would invite you to see what is happening in poor neighborhoods, in neglected areas of our mountains and jungles. You will see that Foncodes [National Fund for Social Development and Compensation] has been investing there. Many projects had been waiting for 20 years, and for the

first time—this is what peasants have told us—a government is solving their problems. Maybe only 10,000 soles are invested, but they can build a canal or a road with that money.

There is still much to do. Undoubtedly, the program to create jobs is incomplete. We must admit that. The problems Peru is facing are so huge, that we cannot resolve them in one or two years. We are advancing, though. For example, you can see that $20 million from Inade [National Development Institute] have been very well invested. There have been no leaks. Funds have gone directly to the beneficiaries. In addition, donations we are receiving are being used to build schools, and roads, for example. Never before have we had 40 modules of machinery being used by the engineering battalions to build roads throughout the country. We are trying to develop the country, within the limited government funds available.

[Ricketts] A collateral, and yet important topic is the Administration for Pension Funds [Administradora de Fondos de Pensiones], AFP.

[Fujimori] That is a very important topic.

[Ricketts] Very important. After several weeks of debates, however, we realize that we are debating something Peruvians know nothing about...

[Fujimori, interrupting] Yes, people do not understand what it is, and are more confused now.

[Ricketts] People do not know if the product is good or bad, but obviously, it has not been properly sold to the public. Nobody knows what it means. How will the government explain this program, so people can understand it and make up their minds?

[Fujimori] First of all, we must explain it and clear doubts. I am surprised because after hearing about it, and having read the draft document on the AFP, I must admit that it has created confusion. I am very frank when I criticize. In fact, the drawings that were presented explained nothing.

[Ricketts] Absolutely nothing. No one understands it. Polls confirm this.

[Fujimori] That is right. Look, the first measure we are taking is not to promulgate the law. We have gathered the technical suggestions and not the ones based on politicking. We are incorporating the technical suggestions in the new draft law and we are going to publish it again so it will be discussed seriously. Taking advantage of this interview, I want to explain the meaning of administrator of pensions. Remember that this deals with pensions and not medical attention.

[Ricketts] Yes, that is another business.

[Fujimori] In this system, each worker is going to have a little passbook, like a bankbook. He makes his monthly contribution and the employer does the same. That sum is added to the passbook. Month by month, his savings are increased. He cannot withdraw them until he retires. That money does not remain there inactive. Instead, the administrator of pension funds...[pauses] the administrator is an enterprise that is regulated by a special system and supervised by the National Superintendency of the AFP. These administrative enterprises will take the money, but they will not utilize it for themselves. Instead, they will manage and invest all these workers' funds. They will invest the money at percentages that the superintendency will indicate so that this money will not only earn interest in soles or foreign currency but will earn the highest profit in the market. Therefore, the worker will have his passbook with the contributions that are made monthly plus the income obtained from the management by the administrators. Now then, the question is: Will the administrators be able to use this money? No. From what does the administrator live? The administrator lives from a small percentage set by the superintendency to be able to operate and earn a profit.

[Ricketts] From what the capital has earned?

[Fujimori] Exactly. The worker has his passbook. No one will take it away. At the end of some years, he will have all those contributions plus the interest it has earned. When he retires, he will have these funds. No one but him touches the funds.

[Ricketts] President, I understand that in Chile, the people who have contributed, for example, 20 years to these AFPs, today have guaranteed an income equal to their monthly salaries for the rest of their lives. Is this what is being tried in Peru?

[Fujimori] That is what is sought, that the worker will have a reasonable pension. The pension is generated by the accumulated capital from everyone. It is not like the current system in which the working people are supporting the retirees.

[Ricketts] The important thing is that this be explained clearly because, as you know President, the only thing the draft law has generated is suspicion. It has been criticized greatly and runs the danger of not having a very good image even though to date it has not been explained clearly.

[Fujimori] Well, I promise to explain it but [words indistinct] the concept is not complicated. I want to use this opportunity to add something important. It involves an accumulated capital that does not remain inactive. The administrators of these private pension funds will channel them to investments. The amount of this accumulated capital can be such that it can really move the economy. It will be one of the elements of reactivation once the system is established. Now then, obviously there are opposing interests, for example, between the union leadership of the IPSS [Peruvian Institute of Social Security] and this system. This is because what is sought through the system is to benefit the insured.

[Ricketts] Of course.

[Fujimori] We are not trying to benefit the IPPS union leadership. That is something else. They defend their interests. We have to seek the interests of the insured people.

[Ricketts] The state has handled those funds, and the goal would be to transfer them to a private company, but still under some control by the interested parties. Is that not so?

[Fujimori] Exactly. On that subject, since we took office we have kept...

[Ricketts, interrupting] That is right.

[Fujimori] The things that fall within our purview. We have not interfered in the IPSS. There has been sufficient...

[Ricketts, interrupting] The whole thing has a rather shady history.

[Fujimori] It was considered the source of, say, not petty but big cash.

[Ricketts] It served as the state's major source of cash. Now that we are talking about this matter, and this may be the last question, let me say most people support the whole privatization process but think the pace is slow. They only see very partial results, considering the tremendous size of the enterprises that must be privatized. Is there really a decision to advance as quickly as possible, or are you finding too much resistence, and the process is bogging down?

[Fujimori] We have made the decision but must first walk on firm ground. When the time comes to privatize the major enterprises, we should be experienced in this. Imagine what 1 percent les in sales revenues would mean. We are talking about $1 billion or $2 billion. In all the countries that have privatized major enterprises, the process has followed a period of gaining experience. Mexico began with the small enterprises. We are doing the same here. We are gaining experience. At some point, investors and the public in general may have wondered why such and such enterprise was not sold in the stock market. Why was the sale suspended. You may recall some cases.

[Ricketts] Yes.

[Fujimori] There have been some behind-the-scene reasons that forced us to suspend the process, because we do not want to harm the state. At this time of the process... [changes thought] It is not the norm, but unfortunately every so often we come up against [words indistinct] and we must stop it. We are not naive in that respect. The people handling the privatization process know the business, and that business is handled by watching out for the interest of the state, not the interest of businessmen.

[Ricketts] That means you feel satisfied with what has been achieved so far, and will continue actively the process of privatization. That is what I believe you mean.

[Fujimori] Certaintly. The ideal would have been to move at a faster pace, but I think this is the most we could have done to date. As for the prices we are getting, they are market prices. Considering the situation we have experienced and continue to experience because of the internal insecurity, prices have been a little depressed. The stock market has shown a climate of greater confidence that exists right now. I think this will be reflected in the privatization process.

[Ricketts] Here is one last question, and I do not want to leave it out because it deals with a topic that interests me greatly. What is happening with the education law?

[Fujimori] You have served as education minister.

[Ricketts] What is happening with the education law and the plan to modernize education or expand the social foundation on which support for education rests, I will put it that way?

[Fujimori] You know this. The participation of parents and the community has always been mentioned in the education process, but in practice this has never happened. The topic has been mishandled by the Education Ministry and, sometimes, due to the pressure from the Sutep [Trade Union of Education Workers] leaders. We now want the community and parents to participate effectively in educational activities. What does this mean?

[Ricketts] Did this happen this year? Will it begin to be seen starting this school year?

[Fujimori] We will publish the education bill so it can be debated widely. I am sure we will gather significant and important contributions. The law, however, will begin to be implemented on 1 April of next year. In sum, what is sought? The state allocates a certain amount for education. Currently, a significant share does not reach the teacher or the student, it strays somewhere along the way. It is spent on the bureacracy or a number of other things. We want teachers and students to get the largest share of that money. The idea is that each child or student should have an allotment. He would go to school with that allotment. The whole allotment package is made up of the state's contribution to the school. The school, in turn, would administer those resources as best it can. The association of parents can receive independently additional financing or a grant, or gather funds from extra activity, and contribute to the fund.

[Ricketts] That would increase the fund.

[Fujimori] It would increase it. That way, we would gradually have a better school. The state is going to provide the infrastructure and run with the daily expenses. What is desirable, however, is for Aspafa, the Parents' Association, to participate directly in this work. For example, how many times have you not heard complaints from parents? As president I am told that such and such professor—and these cases are unusual but must be corrected—charges a certain amount to give a passing grade, or that another professor is making a

pass at some female students. In fact, some cases of abuse have been reported. Have these cases been punished? During my administration, and not just mine but previous administrations, the misconduct of these teachers has not been punished.

In those cases, the Aspafa chapters will be empowered to do that. Who better than they who know directly the case; that is better than forwarding the case to the Education Ministry, which is absurd.

[Ricketts] Mr. President, there currently is a debate—only a debate because a law has yet to be issued—but I believe people want to know if the state will not withdraw its economic support to the education sector and, instead, guarantee free education. Is that what will happen?

[Fujimori] That is an elementary principle.

[Ricketts] Essential.

[FUjimori] Essential. Free education is nonexistent nowadays.

[Ricketts] That is right.

[Fujimori] A high percentage of children do not attend school and this has not only happened during this administration. In other words, free education is not available to 15 or 25 percent of our children.

[Ricketts] So free education will be reinstated and the principle will be enforced rigorously.

[Fujimori] There will be a greater efficiency in the use of the money. I repeat, the school infrastructure will be provided by the state. In fact, we currently are working on a project to print—I cannot give you the exact amount—approximately 4 million or 4.5 million books for distribution to all the school libraries, so they may have this material readily available.

[Ricketts] That is so necessary.

[Fujimori] It is necessary and it does not exist nowadays.

[Ricketts] Therefore, the state will retain its normalizing and economic role, guarantee free education, continue the teachers' preparation, and assume other functions in general. It will simply leave society in charge of the other actions.

[Fujimori] I mean the Aspafa, by its own volition, will elect the director who is most competent and appropriate for the school; and it will elect, with the director's advise, the most appropriate personnel for the school. I am sure efficiency will become a daily norm with this system.

[Ricketts] I have no doubts about this, Mr. President.

[Fujimori] Thank you.

[Ricketts] I thank you very much for this long interview and agreeable conversation, Mr. President. Let us all hope peace finally will be achieved.

[Fujimori] I thank you also for this opportunity to talk about important issues such as education, social security, privatization, and the achievement of peace, above all. I think the citizens shares this great national hope—to defeat terrorism. Rest assured the government will not withdraw, even a second, from its undertaking; and it will not give up the struggle against terrorism. Thank you.

[Ricketts] That is what the country most wants.

[Fujimori] Good evening.

[Ricketts] Thank you. Mr. President.

[Fujimori] Thank you.

Fujimori's Ratings Improve After Guzman Arrest

PA2309000192 Lima Panamericana Television Network in Spanish 0200 GMT 21 Sep 92

[Text] Few surveys have been as timely and as anticipated as the one conducted by Apoyo [consulting firm] in metropolitan Lima between 12 and 13 September, right before and after the cry of BINGO! when police put their hands on Abimael Guzman. The survey, therefore, reflects a revolution of trust and optimism that peaked during a quick poll conducted on 17 September.

The survey was based on random samples of 500 people over the age of 18. The technical manner in which it was conducted reduces the maximum margin of error to plus or minus 5 percent.

The first question was: In general, do you approve or disapprove of Alberto Fujimori's performance? On 12 September the approval rating was 56 percent, the disapproval rating was 30 percent, and 14 percent were undecided. The following day when people began to digest the news of Guzman's arrest, the approval rating climbed to 67 percent, an 11-point increase. The disapproval rating fell to 23 percent, a seven-point loss. The percentage of those who were undecided fell to 10 percent, a four-point loss. In one day the differences between the approval and disapproval ratings went from 26 to 44 points, a difference of 18 points.

In the following days the president's approval rating climbed even higher. On 17 September the president's approval rating had reached 74 percent versus a 15-percent disapproval rating with 11 percent undecided. That means that between 12 September and 17 September, the distance between the president's approval and disapproval ratings jumped from 26 to 59 percentage points with a gain of 33 points.

There is a very strong approval rating for President Fujimori among members of the middle class, 75 and 77 percent. Fujimori's approval reaches 71 percent in the T [as heard], the poorest. In Level A [as heard], the approval rating reaches 69 percent. If there was ever any concrete evidence that could disqualify Guzman's claims that he represents the people, this is it.

Approval for the president is highest among men, reaching 76 percent. Among women it is 71 percent. The most interesting phenomenon, however, is the massive support for the president from young people. Among the those surveyed between 18 and 24 years of age, approval for the president reached 81 percent on 17 September.

Something similar happened in this revolution of trust with the government's policy against subversion. Until 12 September, it was the government's Achilles' heel. It had a 51 percent disapproval rating versus a 31 percent approval. The following day, the situation was reversed; 52 percent of those surveyed approved of the policy, and 28 percent disapproved. There was an even higher jump on 17 September, when 66 percent of those surveyed approved and 24 percent disapproved. On socioeconomic Level C [as heard], the approval rating reached 79 percent, and among the young it reached 75 percent.

The approval rating benefited the government as a whole with 55 percent approval on 13 September, and 66 percent approval in Level A [as heard]. Prime Minister Oscar de la Puente had a 30-percent approval rating and a 25-percent disapproval rating on 17 September. Economy Minister Carlos Bolona enjoyed a 49-percent approval rating versus a 22-percent disapproval rating on 17 September, with 66-percent approval in Level A. The government's economic policy had 44-percent approval versus 36 percent disapproval on 17 September, with 60-percent approval in Level A, but with a disapproval rating of 39 percent in Level D [as heard], where tightening the belt hurts more.

Meanwhile, the political opposition maintained its absolute disapproval rating with 53 percent on 12 September and 52 percent on 13 September. In three of the four socioeconomic levels, the disapproval rating is above 55 percent. In Level C it reaches 60 percent. Among men, the disapproval rating is higher than among women, being highest among the group of persons between 25 and 39 years of age.

As for Mayor (Belmont), he continues to have a disapproval rating of 45 percent and an approval rating of 36 percent of Lima residents.

In this revolution of trust, whom do Lima residents trust and whom do they distrust? Trust in the Armed Forces has increased to 59 percent. Trust in the National Police has increased to 52 percent. However, Lima residents do not trust the Central Reserve Bank, public hospitals, or labor unions, which are deeply discredited at all social levels.

Lima residents trust private enterprise, public schools, provincial municipalities—especially district municipalities—the presidency, the church—the national institution with the greatest prestige, especially among ordinary people—the National Election Board, and the media.

Lima residents mistrust the Council of Ministers—especially residents in Level D—the Peruvian Social Security Institute, political parties—overwhelmingly discredited in all socioeconomic levels, especially in Levels A and D—and the judicial branch.

Fujimori Speaks on CCD, Legislators' Immunity

PA2309010092 Lima Radio Programas del Peru Network in Spanish 1800 GMT 22 Sep 92

[Speech by President Alberto Fujimori during graduation ceremony at La Molina Agrarian National University; date not given—recorded]

[Text] In these past weeks there have been rumors that my government wishes to take away the autonomy of the Democratic Constituent Congress [CCD], restrict the immunity of lawmakers and their full legislative autonomy, and limit the people's participation in the elections. Nothing could be further from the truth. Congressmen elected by the people to the CCD will enjoy the immunity necessary to fulfill their constituent and legislative duties. For that reason, they will be totally free to legislate based on their consciences and on the mandates they receive from the people who elected them. That does not mean, however, that congressmen will not be subject to laws on matters not related to their legislative duties. Decree 25-6-84, or the law for the CCD, Chapter 2, Article 143 is clear on the matter, and there is no room for arbitrary interpretations. Referring to congressmen, it says they enjoy the rights, privileges, and guarantees the 1979 Constitution grants members of the legislative branch while they are exercising their functions, except in cases of embezzlement, blackmail, and flagrant common crimes.

I also want to reaffirm that the executive will respect the total autonomy the CCD will enjoy in accordance with the aforementioned decree. The government will not question the power of the CCD to enact new laws and amend or repeal existing laws. There is no intention to limit the CCD. The rules are the same as those that applied to similar processes carried out previously, and, of course, our stand fits the circumstances of this electoral process in particular. We favor the November elections and encourage all Peruvians to participate in them. That purpose is complemented by the full autonomy of the National Elections Jury [JNE]. For that reason we are fully confident that the JNE will treat with all fairness and impartiality all requests the political organizations may file so all Peruvians can fully participate in the country's political process. My government thinks all the conditions for the electoral process have been met and further amendments are unnecessary. Therefore, I expect the greatest possible number of independent political organizations [words indistinct], particularly those made up of young people, to participate in the elections, and that the process will take place civilly and democratically.

State of Emergency Extended in Provinces

PA2209200592 Lima Radio Programas del Peru Network in Spanish 1800 GMT 22 Sep 92

[Text] On 22 December the Defense Ministry extended for 60 days the state of emergency in Coronel Portillo and Padre Abad Provinces in Ucayali Department. The extension of the state of emergency includes the Ucayali Province in Loreto Department and Puerto Inca Province in Huanuco Department. Constitutional guarantees are suspended in these provinces, and the Armed Forces will be in charge of maintaining internal order.

Venezuela

Violent Demonstrations Reported in Several Cities

PA2309021292 Paris AFP in Spanish 0036 GMT 23 Sep 92

[Text] Maracaibo, Venezuela, 22 Sep (AFP)—Reports indicate that at least seven vehicles were burned on 22 September in Venezuela during violent student demonstrations in several provincial capitals.

In Maracaibo 500 km west of Caracas, four trucks were burned near the University of Zulia, while students, who had covered their faces, clashed with police, it was reported by Innac, a local news agency.

The students organized the protest to reject the announcement of an increase in electricity rates.

According to Innac and Radio Rumbos, students also set fire to buses and paralyzed traffic in Barquisimeto 260 km west of Caracas. University students set fire to another vehicle in Valencia, 100 km west of the capital.

Similar disturbances occurred earlier this afternoon in La Victoria, 50 km west of Caracas, according to reports from local radio stations.

The student demonstrations, which decreased for the last two months due to vacations, resumed last week in several cities throughout the country. A medical student was killed when he and fellow students invited others to join a protest.

Police 'Repressed' Demonstrators

PA2209193092 Paris AFP in Spanish 1846 GMT 22 Sep 92

[Text] La Victoria, Venezuela, 22 Sep (AFP)—University students burned several vehicles on 22 September in La Victoria, 50 km west of Caracas, after street protests against the murder of a medical student by a policeman on 17 September turned into riots, local radio stations have reported.

The police repressed the demonstrators, while firemen were trying to put out the vehicle fires.

Paradoxically, while the street disorders were going on, Interior Minister Luis Pinerua was saying in a television show that "the government trusted the good sense of the young students, who instead of disrupting public order should spend their time studying."

On Monday, 21 September, more than 30 buses were seized and a truck was set on fire during violent student demonstrations that shook up three cities in the center of the country.

During the last week the government of social democratic President Carlos Andres Perez has insisted that certain irregular groups might be trying to use the start of the school year to promote disorders in the largest cities in the country.

President Perez Opens Andean Parliament Session

PA2209160792 Caracas Venezolana de Television Network in Spanish 0000 GMT 22 Sep 92

[Text] President Carlos Andres Perez has opened the ninth session of the Andean Parliament. He urged politicians to leave aside partisan interests and join efforts to consolidate democracy. Milagros Rodriguez filed this report:

[Begin Perez recording] We, political leaders, politicians in general, are accused of being, to a certain extent, responsible for the problems we are experiencing. Those who claim this would be correct if they said this in good faith and as a way to extol the functions and significance of politics.

That is not, sadly, what motivates these people. They say this in a negative and dangerous manner. Without politicians, democracy and institutions would not exist. It is an essential and necessary service in any fatherland, and above all, in any democratic fatherland. We, politicians, have fallen into a trap and have failed to meet the challenge we are called to at this juncture of Latin American history. [end recording]

[Rodriguez] The leader of the Venezuelan State said that history is repeating itself, because transformations among the peoples and the world follow each crisis, especially now when there is a globalization of the economy. He cited as an example France approving the Maastricht Treaty that consolidates European integration.

The same line of thought was maintained in speeches by Peruvian Senator Romualdo Biaggi and Venezuelan Deputy Paciano Padron, who by the way, was elected the new president of the Andean Parliament. The Andean parliamentarians will meet until 25 September to, among other things, give a thrust to the Cartagena Agreement.

Perez Discusses Economy Improvements

PA2209200692 Caracas Venezolana de Television Network in Spanish 1600 GMT 22 Sep 92

[Report by Milagros Rodriguez]

[Text] As planned, President Carlos Andres Perez had breakfast on 22 September with newsmen covering the Miraflores Palace. During the meeting, President Perez indicated no area of the country accepts unemployment, adding the current unemployment rate is below 8 percent. For that reason, the president is convinced 70 percent of the people are aware of the virtues of the economic package. The president made it clear he is not isolated from the world, nor is his government out there on the moon. He went on to note the Venezuelan people are not going hungry because so far this year food consumption has gone up 15 percent compared with last year. The informal economy has dwindled, whereas the formal economy is on the rise, and we stopped the drop in real wages. The president, however, admitted the success of the macroeconomic adjustment program hinges on the approval of new taxes and economic laws that are still pending in Congress. On the topic of public services, Perez indicated the government, not the municipality, must handle the problem with potable water. He raised questions about the loss of equipment to build the (Tuy) and Four System, which arrived in the country at the end of his first presidential term.

The president noted that so far this year the water volume has increased 30 percent. He announced that Lake Valencia will be cleaned up before proceeding with the second phase of the midtown area regional aqueduct project. Concerning energy, he said no company in the country is capable of producing the amount of electricity the country requires, adding the National Rates Commission will decide the rate adjustment.

Referring to the constitutional amendment, a topic that was discussed during this meeting with newsmen, President Perez voiced his concern and urged politicians to define their stance on the matter. At the same time, he recalled important topics are included within the Pact for State Reforms, one of them being changes in the political parties. Perez reacted to the charge by Bolivar State Governor Andres Velasquez, who stated that Perez is preparing a self-inflicted coup, by saying that Velasquez is not a spokesman of the Radical Cause Party because the constitutional guidelines do not permit it. To conclude, the president announced that Alberto Quiroz Corradi will take office as the high commissioner in charge of the government's recently established austerity plan.

Energy Minister on OPEC Prices, Production

PA2309044092 Caracas Venezolana de Television Network in Spanish 0000 GMT 23 Sep 92

[Report by Zayda Pereira in Caracas]

[Text] Olirio Parra, energy and mines minister, has stated that an increase in oil prices is expected in the next quarter, adding that OPEC's estimate of $21 per barrel may be reached. Upon his return from the OPEC meeting in Vienna, Olirio Parra, our representative to the negotiations, said the OPEC members' outlook is very positive. He also said an increase in production has taken place for the first time since OPEC was founded, adding that the increase occurred without establishing quotas. This will allow members to be more flexible in case there is a greater demand for crude oil, he said.

The minister also said the increase allotted to Venezuela—200,000 barrels per day—is positive because it will take place in a stable market and it allows the possibility of additional revenues. Referring to Ecuador's withdrawal from the organization, Parra said no such withdrawal occurred—only a change in status from member state to associate member.

[Begin Parra recording] The change to associate member will allow Ecuador to act as an observer without having to sign OPEC resolutions. [end recording]

The energy and mines minister said Venezuela is capable of producing the additional 200,000 barrels per day allotted to it for the fourth quarter of 1992. He also said no special disbursements will be necessary.

Minister on Signing of Counternarcotics Agreement

PA1909024492 Caracas Venezolana de Television Network in Spanish 1600 GMT 18 Sep 92

[Excerpt] The Venezuelan and U.S. Governments just signed a counternarcotics agreement to intensify significantly their efforts to once and for all eradicate this grave problem affecting the region's societies and economies and creating serious problems in U.S. society in particular, especially among its youth.

[Begin recording, Interior Affairs Minister Luis Pinerua] There is a specific purpose to the U.S. Government donation of drug detection equipment to the Venezuelan Government. The most important point of the agreement, however, is its reaffirmation of the two governments' determination to channel all resources and means at their disposal to combat that crime against humanity called drug trafficking.

It is obvious that to achieve this the two governments should have a smooth system of information exchange to locate in a timely manner those who commit this sort of crime and to ensure their violations of the law do not go unpunished. The Venezuelan Government is doing this without any inhibitions or prudishness, because it realizes drug trafficking is a universal crime and as such must be persecuted by all governments; all governments must participate in the punishment of all individuals involved. [passage omitted] [end recording]